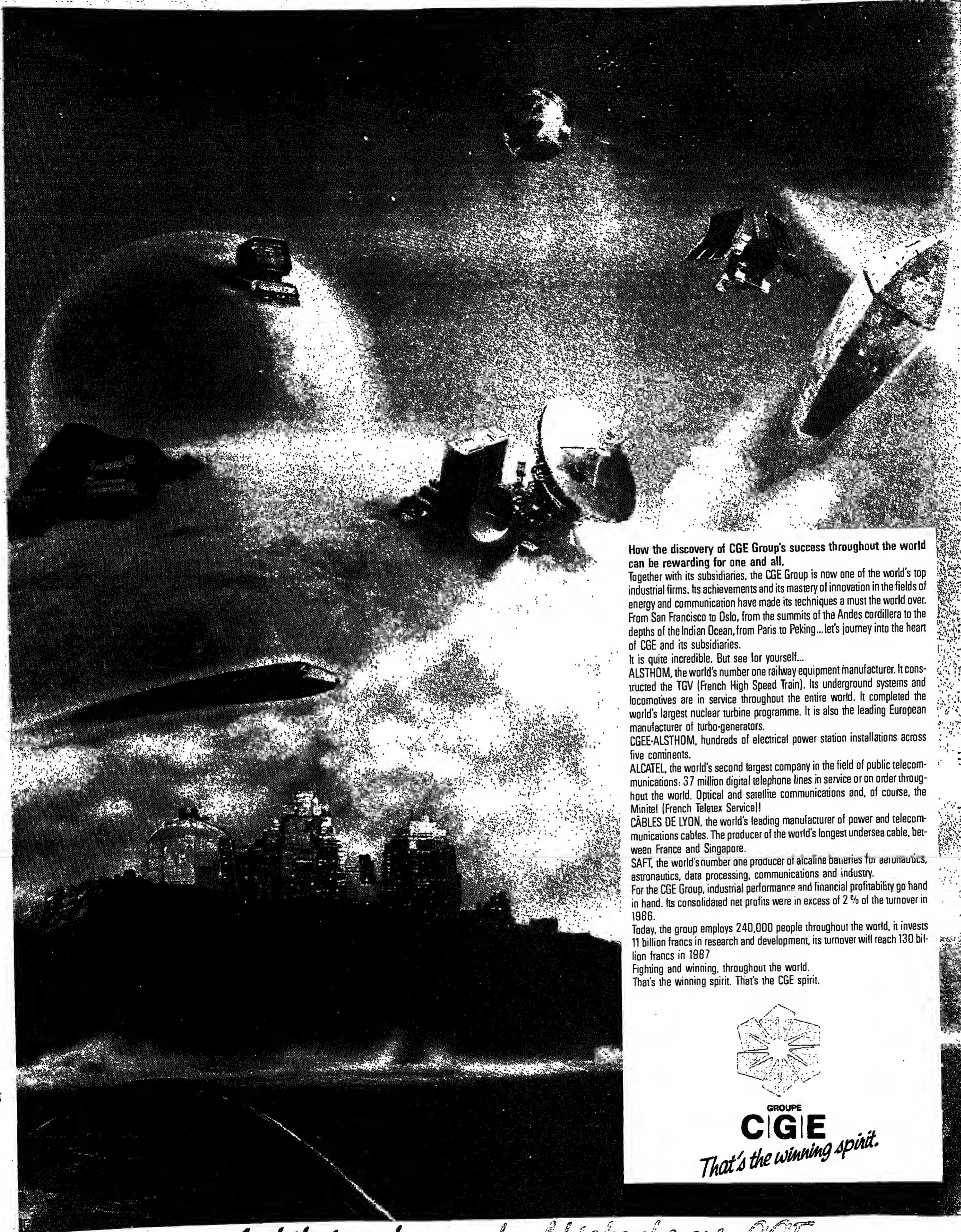


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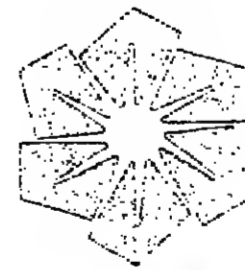
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TRIAL: Dispute Over Barbie Alias

(Continued from Page 1)

parka given to him at the last moment to protect him from the cold. Before the trial began, 44 Jewish children opened a temporary monument dedicated to the Holocaust outside the Lyon city hall.

The children represented the Jewish children, aged 3 to 17, that Barbie is charged with having removed from a children's home in the village of Izieu on April 6, 1944, and deported to the Auschwitz concentration camp, where they died.

In front of the stone steps of the Lyon courthouse, two Gypsies held a placard accusing Barbie of deporting 400 Gypsies from the Lyon area to their deaths.

Along with Jews, Gypsies were a priority for extermination in Hitler's attempt to protect what he called "the master race."

Many French public figures, such as former Health Minister Simone Veil, herself a concentration camp survivor, have expressed the fear that the trial will merely provide Barbie with a tribune from which to sully the memory of the French Resistance and to highlight French collaboration.

These fears have been heightened by pledges from Barbie's lawyer, Jacques Vergès, to turn the trial into an accusatory review of the French wartime record.

In the opening session Monday, after the defendant identified himself as Altmann, Judge Cerdini

asked him when he had adopted the name. He replied that he had taken it in 1951. That was the year he fled Europe with U.S. help for Bolivia.

He said he had taken Bolivian nationality under both names in 1957. Bolivian officials have said he was naturalized as Altmann, and his use of a false identity was one of the grounds for his expulsion.

Early in the proceedings, Barbie told the judge that he wanted to speak in German through an interpreter. But he answered the first questions in French and clearly understood the proceedings.

From time to time he looked around the courthouse at the press gallery and the public gallery, where Foreign Trade Minister Michel Noir and former Defense Minister Charles Hernu, both members of Parliament from the Lyon area, sat.

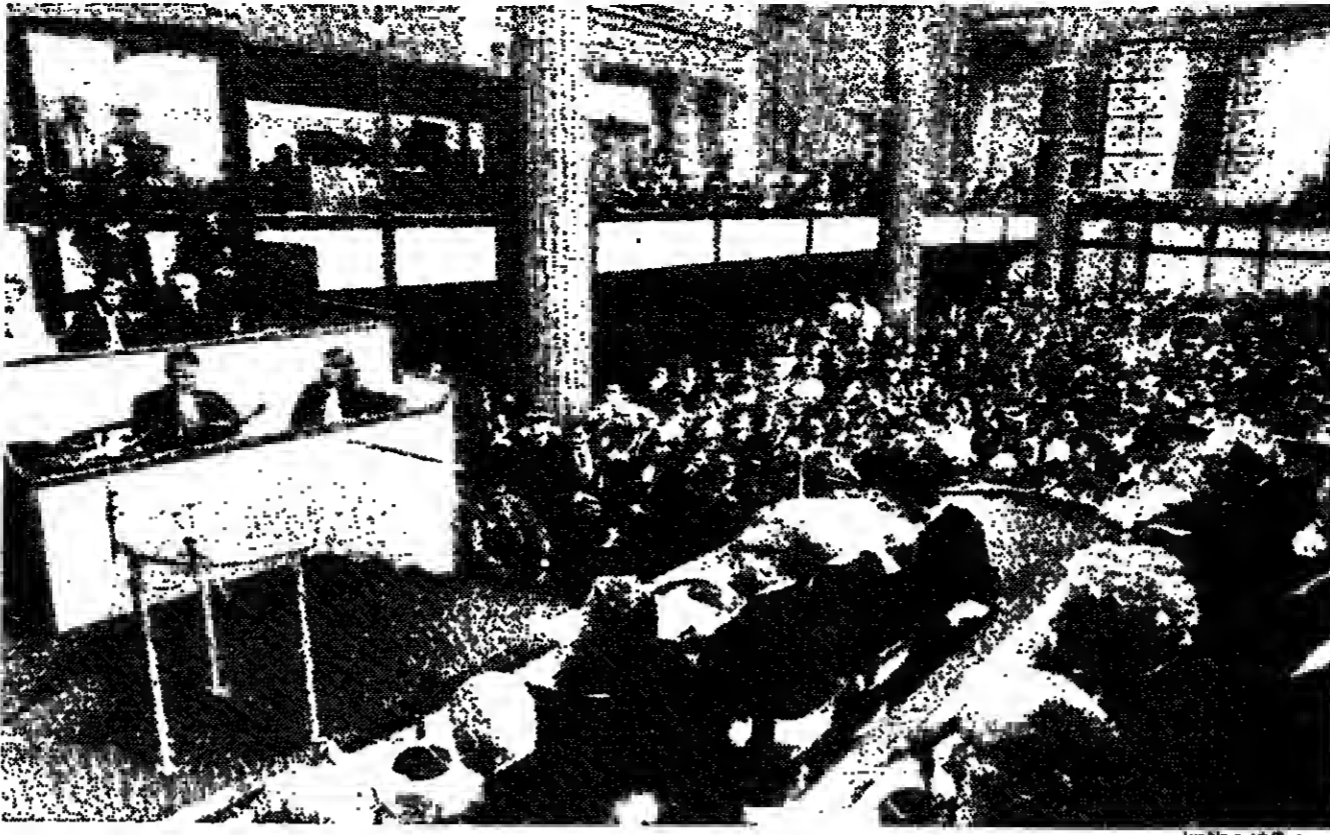
Mr. Cerdini drew lots to choose the nine jurors who will sit with the three judges throughout the trial, which is expected to last at least six weeks. Some court officials predicted a verdict as late as July 10.

Mr. Vergès rejected two of the proposed jurors, both young women, and the prosecutor, Pierre Truche, rejected one young man. No reasons were given.

Mr. Cerdini asked the jurors, four women and five men, to consider the proceedings "without hate or evil" as they decide on the fate of a man who was twice sentenced to death by French courts for specific war crimes in the 1950s.

These sentences are now invalid because of France's 20-year statute of limitations. Under the new charges framed under the law on crimes against humanity, Barbie faces possible life imprisonment.

The question of Barbie's identity caused one of the 40 lawyers for civil plaintiffs, Charles Libman, to seek clarification, Barbie said. "I



A view of the Lyon courtroom. Barbie's lawyer, Jacques Vergès, is in the front-row box; Barbie sits directly above him.

shall not reply to these questions."

Mr. Vergès then protested that Bolivian documents in the name of Altmann had disappeared while Barbie was being searched on his arrival in Lyon in 1983.

The prosecutor said, "I understand that the name of Barbie must be very heavy to carry." But he said he was satisfied that the defendant was the man who had been "an *obersturmführer*," or SS commander, "under the name of Klaus Barbie."

A list of about 100 witnesses, 90 of them called by the prosecution or the civil plaintiffs, was read out. They will describe Nazi actions against Jews and the torture and deportation of Resistance members.

Along with the Izieu case, the major charges against Barbie deal with the deportation of 650 people, mostly Jews, to concentration camps, and the deportation of 85 Jews seized at the Lyon office of the Jews of France Committee.

Just 75 minutes into the trial, Barbie's lawyer raised the name of Jean Moulin, a Resistance leader whom Barbie is alleged to have tortured to death. The Moulin case was part of charges brought against Barbie in the 1950s and cannot be included in the new accusation.

Mr. Vergès has said that his client will show that Moulin, realizing he had been betrayed by fellow Resistance fighters, killed himself.

The first day's session ended with court clerks reading the start

of the 350 pages of charges drawn up by the examining magistrate in the case, Christian Riss. The accusation includes the names of all the people Barbie is accused of deporting or torturing and a detailed account of Barbie's life and career.

The document included a report by prison psychiatrists who said Barbie showed no signs of remorse. Six and a half hours after being led into court, Barbie chatted with a guard while being handcuffed for the return trip to his prison cell.

CONTRA: McFarlane's Testimony

(Continued from Page 1)

rael had, in fact, shipped 508 TOW missiles, not the 100 to which the United States had agreed, and that as a result an American hostage was to be released.

Arthur Liman, chief counsel for the Senate investigating committee, asked Mr. McFarlane: "Did there come a time when you received a call from an Israeli representative telling you that as a result, an American hostage would be allowed to go free?"

"Yes," Mr. McFarlane responded. He said the call was between Sept. 10-11.

"Was that a very unpleasant call?" asked Mr. Liman.

"It was extremely disappointing," Mr. McFarlane said. "It was a report from Mr. Kimche in Israel that as a practical matter they had run into difficulties with the Iranian intermediaries." Mr. Kimche said that "the United States could expect one hostage to be released within a couple of days."

Mr. McFarlane said Mr. Kimche had expected all the hostages to be released.

"Were you asked to play God and choose one hostage?" asked Mr. Liman.

"Yes," Mr. McFarlane said. He said he asked for William Buckley, the CIA station chief in Beirut.

He said he later chose the Reverend Benjamin Weir, a Presbyterian minister who was freed by Moslem extremists in Lebanon on Sept. 14, 1985. Mr. Buckley, it was learned, died in captivity, reportedly after being tortured.

Earlier in the day, Mr. McFarlane said that Mr. Reagan successfully interceded to secure the release of the arms to the contra commander of a country near Nicaragua had intercepted the lethal supplies.

Fitzwater, the presidential spokesman, said that, despite backing the contra, Mr. Reagan did not ask aides to solicit contributions for the rebels.

Mr. McFarlane also testified he met several times with an unnamed ambassador who ultimately made a pledge of \$1 million, "ostensibly to help arm the contra." There have been widespread reports that the ambassador was Bandar bin Sultan of Saudi Arabia. The Saudis have denied giving funds to the contra.

At one point, Mr. McFarlane seemed to suggest Mr. Reagan may have personally solicited aid for the contra from the head of state of the same country during a private meeting two years ago.

Although Mr. McFarlane identified the nation involved only as "country two," he did refer in his testimony to his preparations for a visit by King Fahd of Saudi Arabia.

Mr. McFarlane said the visit of the foreign leader included a private session with Mr. Reagan. Mr. McFarlane said he learned a day or so later that donations from that country would be doubted to \$2 million a month.

At a White House briefing, Mr. Fitzwater said that while Mr. Reagan had sought to rally support for the contra, "Let no one believe that the president was involved in asking the staff or anyone else to provide illegal support for the freedom fighters."

Mr. McFarlane testified that he was stunned when Lieutenant Colonel Oliver L. North told him in May 1986 that money from the Iran arms sales was being diverted to the contra, but that he did not pass along the information because he was no longer a government official.

Mr. McFarlane learned about the scheme on the tarmac of an Israeli airport after he and Colonel North returned from a failed mission to Tehran to swap arms for hostages. He said Colonel North gave him the information to cheer him up after the unsuccessful trip.

U.K. Polaris Missiles in Test

United Press International
CAPE CANAVERAL, Florida — A Polaris missile with a dummy warhead fired from the British submarine Repulse was blown up by radio command Sunday.

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MEESE: Special Prosecutor

(Continued from Page 1)

ings with individuals associated with the company."

Mr. Burns wrote that "in 1981-82, Mr. Meese's office in the White House participated in efforts to obtain for Weibilt a certain contract with the army; we understand that Mr. Nozziger's relationship to this contract is currently being investigated by your office."

In addition, Mr. Burns wrote, "Mr. Nozziger continued to have a financial relationship with Weibilt/Wedtech, and Mr. Meese has had personal and/or financial relationships with two individuals, E. Robert Wallach and W. Franklyn Chinn, who like Mr. Nozziger, received both professional fees and stock from Weibilt/Wedtech."

Mr. Wallach, a longtime friend of Meese, is a San Francisco lawyer who began advising Wedtech in 1981 and who enlisted Mr. Meese's help getting a White House review of the company's difficulties with the army. Sources say Mr. Wallach got \$640,000 in Wedtech stock and legal fees of \$360,000.

Mr. Nozziger, another friend of Mr. Meese, who left the White House in January of 1982, also did lobbying work for Wedtech on the army contract along with his partner, Mark Bragg. They received close to \$700,000 in Wedtech stock and an undisclosed retainer.

Mr. Chinn, who Mr. Wallach introduced to Wedtech and to Mr. Meese in 1985, received an option to buy 75,000 shares of Wedtech stock at below-market prices when he became a Wedtech consultant.

At the White House, Martin

ed Britain into haves and have-nots.

Mr. Kinnock said Britain's booming consumer economy, low inflation and declining interest rates had been achieved at the price of industrial decline and rising unemployment.

Although government figures show the unemployment rate having decreased for eight consecutive months, it is still more than 3 million, or 11 percent — compared with 1.1 million, or 4.3 percent, when Mrs. Thatcher took office.

This election is about saving our country from industrial decline, social division and the destruction of community services," Mr. Kinnock said. He challenged Mrs. Thatcher to a debate, which the Tories promptly declined.

The centrist alliance of Social Democrats and Liberals condemned Mrs. Thatcher for catering to wheeler-dealers. But David Steel, the Liberal leader, said voters would also reject the "state socialism" which Mr. Kinnock offers.

David Owen, leader of the Social Democrats, said the alliance offered a "government committed to both the competitive market economy and a concerned, compassionate society which would unite the nation."

Talk of Labor and the alliance working together to deny Mrs. Thatcher a majority in a "hung Parliament" has waned as the alliance has become more frank about its hopes of displacing the Labor Party as the main opposition force.

Still, a dip below 35 percent in the total Conservative vote could cost Mrs. Thatcher a clear majority and open the way for her opponents to form a coalition. That is regarded as the major risk she takes in calling an election now.

BRITAIN: June Election Called

(Continued from Page 1)

By law, Mrs. Thatcher could have called an election as late as July 7, 1988. In deciding to go to the voters with 13 months left in her five-year term, she was responding to election fever in Parliament and a series of good political and economic omens.

These were capped by a strong Conservative showing in local elections Thursday, which in turn triggered a dip to 9 percent in bank interest rates and record trading in the stock market.

AQUINO: Initial Returns

(Continued from Page 1)

year, Congress was abolished when President Ferdinand E. Marcos imposed martial law in 1972.

On Monday, former Defense Minister Juan Ponce Enrile, an opposition candidate for the Senate, accused the government of fraud.

In a radio interview, he charged that counting in the southern city of Iligan was stopped while opposition candidates were winning and ballots were transferred elsewhere.

Congress is scheduled to convene in July. Final results of the balloting are not expected for several days or even weeks.

Mrs. Aquino campaigned vigorously for her candidates. Senate support is vital for passage of her legislative package, which is expected to include land and economic reforms, factors that are seen as key in subduing the Communist insurgency.

Senate approval is also necessary to renew the treaty governing U.S. military bases in the Philippines, which expires in 1991.

Handwritten signature or mark in a box.

Prosecutor Reviewing Testimony by Abrams About Aid to Contras

By Philip Shenon
New York Times Service

WASHINGTON — Lawrence E. Walsh, the special prosecutor in the Iran-contra affair, is closely looking at congressional testimony by Elliott Abrams, an assistant secretary of state, and other government officials to find out if they made false statements about aid to the Nicaraguan rebels, according to federal investigators.

Mr. Abrams has come under scrutiny, the investigators said, because of his testimony denying government involvement in the private aid network, and because he initially failed to tell of his personal effort to solicit a \$10 million donation for the rebels, known as contra, from the Sultan of Brunei.

Federal investigators said Mr. Walsh was also reviewing statements made to Congress by Robert C. McFarlane, President Ronald Reagan's former national security adviser, and by officials of the Central Intelligence Agency.

Mr. McFarlane began testimony Monday before the special congressional committees investigating the Iran-contra affair.

Mr. Walsh's intentions are not clear. While it is illegal to lie to Congress, the crime is rarely prosecuted. Proving that testimony was intentionally false can be difficult.

One federal investigator suggested that Mr. Walsh seemed likely to use evidence of false statements to bring conspiracy charges. The statements could then be described as acts that furthered a conspiracy to violate congressional restrictions on contra aid.

Mr. Abrams, who oversees Latin American policies at the State Department, recently obtained a private lawyer, W. DeVier Pierson, to help him prepare for investigations by Mr. Walsh and Congress. Mr. Pierson said his client had not been contacted by Mr. Walsh's staff. Lawmakers have repeatedly

questioned whether Mr. Abrams's congressional testimony about contra aid was accurate and complete. Although Mr. Abrams has denied involvement in the covert and apparently illegal program to supply the contras in 1985 and 1986, some members of Congress say they do not believe his denials.

They note that Mr. Abrams, an energetic official who seems to relish battles with Congress, had frequent contact with Lieutenant Colonel Oliver L. North, the former national security aide who coordinated the contra support network.

Mr. Abrams has also been chairman of the Restricted Interagency Group, an informal group of government officials, once including Colonel North, who helped coordinate contra policy. Lewis A. Tambis, who was ambassador to Costa Rica until January, said the group's core officers, including Mr. Abrams, directed him to lend support both to the contras and to the private Americans who were supplying them with arms.

"I didn't believe Abrams then and I don't believe him now," said Representative Peter H. Kostmayer, Democrat of Pennsylvania, a member of the House Foreign Affairs Committee, which has frequently heard testimony from Mr. Abrams. "I think he's up to his eyeballs in this stuff."

Other lawmakers, however, have strongly defended Mr. Abrams.

Federal investigators said Mr. Walsh would review Mr. Abrams' appearance last Nov. 25 before a closed meeting of the Senate Intelligence Committee.

That testimony has not been made public, but a committee report on the investigation said Mr. Abrams was asked about "third-country support" for the contras. He failed to mention soliciting \$10 million from the Sultan of Brunei last summer to aid the contras.

At about the same time, Mr.



Elliott Abrams

Abrams was quoted publicly as saying that "nobody in this building had any idea of any contributions coming from a foreign government."

In testimony before the Senate Intelligence Committee on Dec. 8, however, Mr. Abrams was placed under oath, acknowledged the Brunei donation, and apologized "for withholding this information," the committee's report said.

"He said he did not feel he had been asked a direct question and did not realize until shown the transcript that his statements clearly left a misleading impression," the report said.

A congressional official with knowledge of the committee's investigation said Mr. Abrams admitted to gaps in his testimony only after he was confronted with the transcript at a meeting with senators.

An associate of Mr. Abrams said the account was inaccurate. It was Mr. Abrams, he said, who made the original effort to clear up the misunderstanding over the testimony.

Shortly after the November testimony, the associate said, Mr. Abrams went to his superiors at the State Department, received permission to disclose the Brunei donation, and, without prompting, went back to the committee to tell the full story.

U.S., Bolivia in Joint Exercises

No Anti-Drug Operations Planned This Time, Officials Say

By Tyler Bridges
Washington Post Service

LA PAZ — U.S. and Bolivian troops began joint maneuvers Monday in a region where drug officials say there are many cocaine-processing laboratories.

A U.S. Embassy spokesman, Mark Jacobs, denied local reports that the 300 troops from the Southern Command, which is based in Panama, came to Bolivia to take part in raids against cocaine traffickers.

"There's no connection between these exercises and any drug interdiction effort," he said.

Other sources said the U.S. troops were in the area to frighten drug traffickers.

"It's no coincidence where they've chosen to hold the maneuvers," a diplomat said.

The joint maneuvers are scheduled for 11 days in the northwestern provinces of Beni and La Paz.

They have drawn intense scrutiny because 160 U.S. troops backed by six helicopters spent three months in Beni last year helping Bolivian police conduct drug raids.

The operations provoked strong protests by the country's leftist political parties, which considered them a violation of sovereignty.

The raids also caused prices for



cocaine leaves to plummet as drug traffickers fled, leaving coca farmers with no-one to buy their leaves. But prices have rebounded, said Colonel Freddy Reyes, who heads Bolivia's anti-drug police.

To renew the fight against the flourishing cocaine trade, the United States and Bolivia are negotiating a program that Information Minister Herman Antelo said "will substantially reduce" trafficking.

Bolivia is second only to Peru as a supplier of cocaine to the United States. The agreement is said to foresee a three-year program costing \$300 million, paid for mostly by the United States.

The program calls for destroying cocaine laboratories, eradicating

Outbreak of Legionnaires' Disease Strikes 200 at Soviet Rubber Factory

The Associated Press

MOSCOW — More than 200 workers at a rubber factory in southern Russia were stricken with Legionnaires' disease, which doctors had thought might be an outbreak of AIDS, the official daily newspaper Izvestia has reported.

Most of those who fell ill in Armavir, a city of about 100,000 people in the northern Caucasus Mountains, are back at work although under medical observation,

the paper reported. But it did not say when the outbreak occurred or indicate whether any of the workers had died from the disease or how many still were hospitalized.

Legionnaires' disease, a form of pneumonia contracted from breathing in bacteria from contaminated water, is often fatal. AIDS, or acquired immune deficiency syndrome, is a viral disease that leads to death, sometimes by pneumonia, through a breakdown of the body's immune system.

Help for Brazil's Poorest Poor

Job Program Aids a Lucky Few Impoverished Teens

By Alan Riding
New York Times Service

RIO DE JANEIRO — For two months earlier this year, Brazil's fantasy world of television soap operas and slick advertising was briefly interrupted each evening by cheaply made public service messages in which nervous black teenagers from a government welfare agency asked viewers to give them a chance to work.

"They were disturbing ads, the kind that really make you think," said Cristina Miglioli, who runs a delicatessen in the Copacabana district of Rio de Janeiro. "People have to do their bit if things are ever going to get better here. We needed a delivery boy so we decided to take a chance."

A few weeks later, she hired Thomaz Alcantara, a wide-eyed, slightly built youth. He was abandoned by his mother when he was a month old and has spent the 17 years of his life in government orphanages, preparing for what seemed certain to be a life of hardship and unemployment on the margins of society.

Under the experimental employment program sponsored by the Foundation for the Welfare of Minors, referred to by its Portuguese acronym, Funabem, Thomaz and 300 other teen-age boys have found jobs as a result of the television campaign. They now at least stand a chance of supporting themselves when they are thrust into the world at the age of 18 by the agency.

"They are among the lucky few. Nationwide, some 550,000 minors are wards of the state. Even though they are often given vocational training in carpentry, graphics or mechanics, the fact that Funabem runs reform schools for juvenile delinquents as well as boarding schools for needy children means that many companies are reluctant to hire them."

"Those who have the social con-

science in call us still usually ask first, 'Are they delinquents?'" said Angela Maria Vidal, who visits companies interested in taking part in the new program. "In fact, only about 5 percent of all Funabem children have committed any crime, but they all carry that stigma."

Yet even Funabem's wards, who are fed, clothed and educated until they are 18, might be considered fortunate compared with the estimated 36 million Brazilian children

'A child who is small, black and poor is by definition thought to be dangerous.'

— Marina Bandeira, Welfare official

whom the government describes as "needy." Of these, around 7 million have lost all or most of their families and live or work on the streets of São Paulo, Rio de Janeiro and other large cities.

They too suffer from the stigma that links street children and street crime in the minds of many middle-class Brazilians. And since most poor Brazilians are black and most blacks here are poor, they are also victims of racial prejudice.

"A child who is small, black and poor is by definition thought to be dangerous," said Marina Bandeira, the president of Funabem, noting that over 90 percent of the children in the care of her agency are black. "The child then becomes 'the problem' when the real problem is the social structure that exists in Brazil."

U.S. Presses West to Speed Building of Oil Stockpiles

The Associated Press

PARIS — U.S. Energy Secretary John S. Herrington, citing the risk of a future oil-supply crisis, called on other Western industrialized nations Monday to move faster in building emergency oil stockpiles.

His urging was countered, however, by some European officials, who said more emphasis should be placed on cutting oil demand and improving energy efficiency.

Mr. Herrington said President Ronald Reagan was committed to a more rapid buildup of U.S. emergency stocks, but that some other Western countries were lagging behind.

"A credible strategic oil stockpile serves as a deterrent to those who might be tempted to use oil as a political weapon," Mr. Herrington told energy ministers from the 21 other members of the International Energy Agency.

The ministers met to discuss a wide range of energy issues, including the longer-term effects of the 1986 oil price collapse on Western energy security.

No major new initiatives were expected.

Mr. Herrington said that while the countries as a group were meet-

ing the agency's goal of holding oil stocks equal to at least 90 days of domestic consumption, some nations were falling short. He did not mention any countries by name, but Britain and France are believed to be among a small number of members that fall well below the 90-day figure.

Nicolas Mosar, the energy commissioner of the European Community, told the meeting that too much emphasis was being placed on building oil reserves for use in an emergency and too little on cutting oil demand.

"The more relaxed energy situation we have today is largely as a result of our ability to curb our demand for oil," he said, adding that it would be through this continued active pursuit "we can hope to avoid ever having to use our stocks in a fuel crisis."

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John W. ...

For Anglican Church, Time of Empty Pews

By Francis X. Clines
New York Times Service

FERRYHILL, England — As usual, the Church of England's attendance this bright spring Sunday morning was somewhere below 3 percent of the population, anemic, alarmingly low in the view of the bishop of Durham, who presided from the pulpit of St. Luke's Church.

"All nations know His church is hearth and home," the congregation sang out strong here in the rustic North, vying with the singing of birds and the cry of a handsome newborn baby.

For this nation, such hearth-comforting knowledge of church has been slipping relentlessly for the last three decades, in which nearly 2,000 of the 16,000 Anglican churches have been closed because of disuse. Attendance has fallen to among the lowest of avowedly Christian countries.

"The Church of England is large-

ly in the position of a historical hangover," said the bishop, David E. Jenkins, sipping tea after officiating at some of the church's ever more precious baptism and confirmation services.

"It is not now the case that England is a Christian country," he

Tory Party at prayer, the current joke is that it has become "the Alliance party in the wilderness" — what critics depict as a blurred, centrist, amorphous enterprise.

Actually, the church of recent years has seemed far more direct than that in the area of social is-

Christ, saying Jesus's divinity was not dependent on their literal truth.

But others will never forget a dramatic speech he made last year before the church synod. In it, he defended his position by warning that people have trouble comprehending the simplistic notion of a selective, miracle-working, "laser beam" God who failed to prevent the Holocaust catastrophe.

Here, however, in the vibrant northern country poised between palette-perfect hills and depressed old mining communities, the bishop, who is 62, seems more a harassed church manager in hard times than a quotable iconoclast. "I'm still at it," he said of his 33 years in the clergy.

The diocese of Durham has come a long way from medieval times when its bishop ruled as absolute church and secular master by dint of doctrine, battle sword and prison dungeons. Church files now are kept in the dungeons at Auckland Castle, the 75-room fortress where the bishop resides, and Bishop Jenkins only vaguely recalls where his battle sword is.

More relevant to his needs are how to plan for the drastically shifting church when his staff of two assistant bishops and two archdeacons are overworked by the daily task of stretching 298 clergymen across the diocese's 308 churches.

"Management is foreign to the church," he said, describing a fatalism. "The Church of England is simply there to exist."

With only 3 percent of the people regularly attending the Anglican Church, 'It is not now the case that England is a Christian country.'

— Bishop David E. Jenkins

said. He pointed to the attendance figures and rather gently predicted that some day disestablishment will prove inevitable — that the history of Henry VIII will be unraveled and church and state will once more become separate.

This was a typically bold, contentious observation from Bishop Jenkins, who is one of the most outspoken clergies in the church and whose views are often headlined as controversial in the press.

But it seems surprising that the views of any churchman could ever much rattle a public in which 97 out of 100 do not bother with the established church, except perhaps at Easter and Christmas.

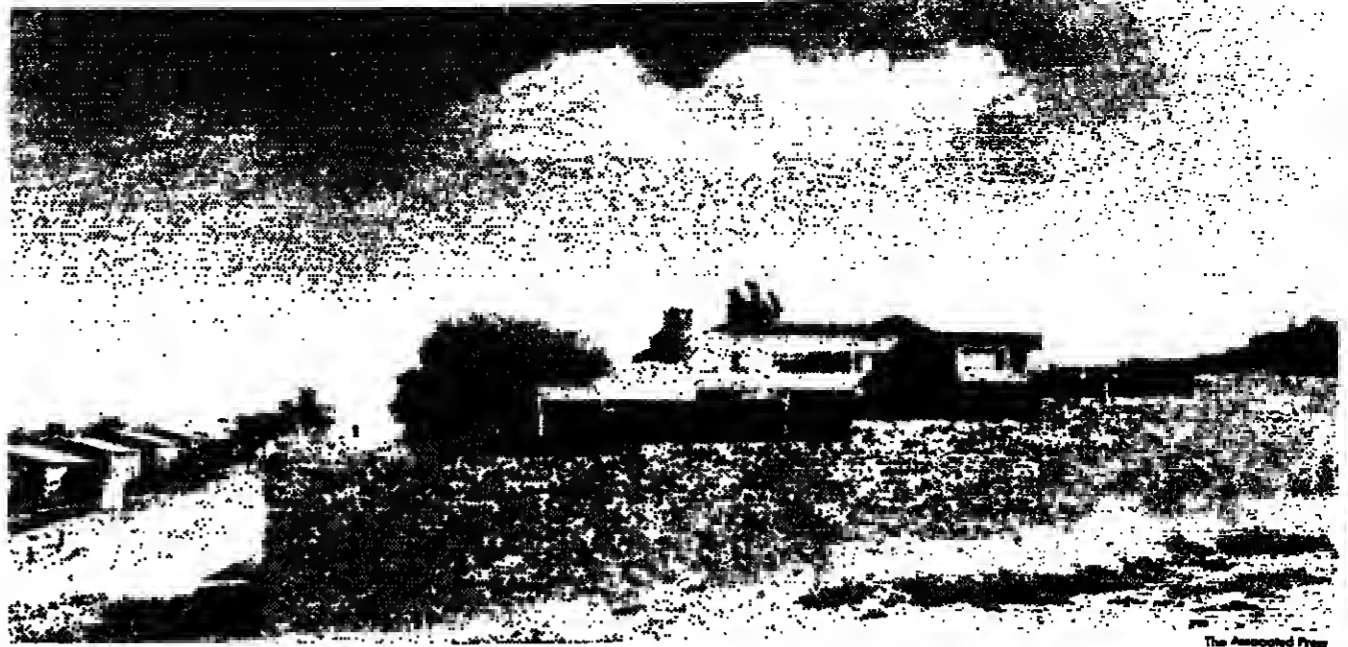
Some will never forgive his open questioning of the doctrines of the virgin birth and the empty tomb of

sues, at least, if not doctrine. The bishops have become much more outspoken toward government, which by law still retains theoretical control over the church through parliamentary veto power.

The bishops' strong criticism of inner-city problems, welfare cutbacks and pro-business economic policies drew a protest from Prime Minister Margaret Thatcher two years ago that the church was becoming partisan.

Church leaders have not much retreated since, although some complain that the views of such colleagues as Mr. Jenkins are often too eccentric and pungent to be helpful.

Some will never forgive his open questioning of the doctrines of the virgin birth and the empty tomb of



Winnie Mandela is defending her right to build this two-story home in Soweto, the black township near Johannesburg.

Winnie Mandela Building Luxury Home

By William Claiborne
Washington Post Service

JOHANNESBURG — Winnie Mandela, the anti-apartheid activist and wife of the imprisoned nationalist leader, Nelson Mandela, is being criticized for building a large home for herself in the black township of Soweto.

The five-bedroom, two-story

house, which reportedly will have a swimming pool and elaborate gardens, is nearing completion on a large lot near thousands of tiny two- and three-room matchbox houses of the kind that most of Soweto's 2.5 million blacks occupy. The leftist Johannesburg magazine, *Frontline*, describing Mrs. Mandela as "the new royalty," said, "Some say it is right that the

future president should live so, and others say that it wrong for leaders who represent the poor to live like king."

It added that Sowetans "ask whether this is to be a State House, or in whose name is it owned? They ask where is the money coming from?"

Mrs. Mandela said that she is building the house with royalties from her biography, "Part of My Soul Went With Him," which is banned in South Africa, and with money from a trust fund set up by friends.

Mrs. Mandela, in her statement, reacted to the press criticism by saying that "enemies of the people" are attempting to divide blacks.

She added, "There are concerned fellow South Africans who believe that our leaders deserve even better than what I have done for Mandela. They formed a trust which has built Mandela's house."

The Johannesburg Star, describing the new house as "fit for a queen," gave a room-by-room description of five upstairs bedrooms with attached bathrooms, a family room, living room, conference room, dining room, two studies and two-car garage.

The price has not been disclosed.

The new house is situated in a relatively upscale section of Soweto called Beverly Hills, not far from the small brick house where Mrs. Mandela now lives with her youngest daughter, Zina.

Blacks are not allowed to own property in the townships, but if they can afford it, they may build their own houses on property obtained through a 99-year lease.

In addition to the small Beverly Hills neighborhood, Soweto has a section called Protea North in which scores of well-to-do blacks are building houses costing more than \$100,000. Some of the owners are black entrepreneurs and other executives working for companies with affirmative action programs.

It is not uncommon to see Mercedes-Benz sedans parked in front, and the children frequently attend integrated private schools in the white suburbs of northern Johannesburg or private schools abroad.

However, the majority of Soweto houses consist of two or three small rooms crowded with extended families of 12 or more people, with outdoor toilets and only fairly recent electric service. Rent is about \$20 a month, and utilities add another \$30 monthly.

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Graham Greene Says He Visited Philby in Moscow

The Associated Press

LONDON — Graham Greene, the British novelist, has been quoted as saying he has exchanged letters and met in Moscow with Harold (Kim) Philby, the former British intelligence officer who spied for the Soviet Union for 30 years.

Asked if he could forgive his old friend for "having lived such a lie," Mr. Greene told the British press he could because Mr. Philby had been fighting for a cause he believed in.

"He wasn't doing it for money," Mr. Greene said. "And as for living a lie, how many lies is Reagan living? Who doesn't live a lie when it comes to politics?"

He knew Mr. Philby from World War II when he did intelligence work in Sierra Leone and Mr. Philby was his controller in London.

Mr. Philby, who at one point headed Britain's anti-Soviet intelligence operation, left the British intelligence service in 1955. He then worked as a journalist and continued his spying until he fled to Moscow in 1963.

Mr. Greene, who wrote an introduction to Mr. Philby's 1968 autobiography, "My Secret War," said he began to correspond with him in the late 1960s. He said he met Mr. Philby, 75, in his Moscow apartment in September while



Harold (Kim) Philby

visiting the Soviet Union at the invitation of the Soviet Writers Union.

The author, 82, returned to Moscow in February for a disarmament conference and met Mr. Philby again. Mr. Greene said Mr. Philby was in "good shape" at their second meeting, having recovered from an illness for which he had been hospitalized. He did not say what the illness was.

Emmanuel Vitria Dies; 1968 Heart Recipient

Reuters

MARSEILLE — Emmanuel Vitria, who lived a record 18 years with the heart of another man, died Monday at age 67.

He died two weeks after he was admitted to a hospital in Marseille with dilation of the heart's ventricular arteries.

On Nov. 27, 1968, Mr. Vitria received the heart of a 28-year-old sailor, Pierre Ponsou, who was killed in a road accident.

He told an interviewer in 1975: "I get an extra thrill out of everything I do. I am the happiest man in the world."

He became the longest-surviving heart transplant patient in 1977 when an American woman who had been operated on a month before him died of a heart attack.

Mr. Vitria, a fast-talking, jaunty man, ignored his doctors' recommendations to give up smoking and drinking. But out of respect for the donor's parents, he turned down a large cash offer to smoke a cigarette in a television advertisement.

Dr. Christian Barnard, the South African surgeon who pioneered heart transplants in 1967, once met Mr. Vitria and expressed astonishment at his lifestyle, which included a daily intake of alcohol and an appetite for rich food.

Mr. Vitria's doctor, Dr. Raul Monties, said Mr. Vitria's endurance was an important and encouraging development for cardiac surgery and the donation of body organs.



Emmanuel Vitria

"He was the first to show it is possible to live for such a length of time with someone else's heart," Dr. Monties said.

Mr. Vitria had suffered illnesses, unrelated to his transplant, before he was hospitalized last month.

In 1981 he tripped over a paint can, fell down two flights of stairs and broke an arm and a leg. He was operated on, and his donor heart bore the strain of an operation under anesthesia. He left the hospital after 42 days.

The only time he ever admitted to heart strain was when he went to watch his favorite team, Olympique Marseille, play soccer. "It really gives me heartache when they play badly," he said.

Handwritten signature or note

ARTS / LEISURE



Gil Evans: Still out there, making modern music.

Lone Arranger's European Tour

By Mike Zwerin
International Herald Tribune

PARIS—Gil Evans helped create the big band sound of the '40s and continues to create it today. He has been called "The Lone Arranger," "Duke Ellington's son" and his name's apt anagram "Svengali." Evans is celebrating his 75th birthday tomorrow by beginning a European tour at the Hammer-smith Odeon in London, with Van Morrison, Steve Lacy, Flora Purim and Airto Moreira as guests.

His 15-piece band has been a Monday fixture in New York's Sweet Basil for more than four years. Although the club is small and the pay minimal, regular members have included such stars as John Abercrombie, John Scofield, Jon Faddis, Jaco Pastorius, George Adams, Hiram Bullock, David Sanborn and, last month, the Police star Sting singing "Angel," "Stone Free" and other Jimi Hendrix material in the band's library.

The music depends on who shows up, and Evans may not know who until they arrive. Like Ellington, Evans is a casting director more than a disciplinarian — he affects the music by his presence. He chooses musicians for their flaws as well as attributes. Once there is mutual trust, they are more or less let loose.

"We don't even need written music anymore," Evans told *Down Beat* magazine. "Hiram [Bullock]

or I strike a chord and away we'll go, improvising ensembles and everything for 10 or 15 minutes. I tell the players not to be terrified by the vagueness. If it looks like we're teetering on the edge of formlessness, somebody's going to be so panicked that they'll do something about it. I depend on that. If it has to be me, I'll do it, but I'll wait and wait because I want somebody else to do it. I want to bear what's going to happen."

The first thing you notice about him are his big ears, like radar dishes. The stone-gray hair frames a craggy face that somehow defies chronological age. Evans, who once called convenience "the worst addiction in the world," personifies the dictum: "Insecurity is the secret of eternal youth."

Born in Toronto on May 13, 1912, he moved to Southern California, where he worked as a pianist and learned the arranger's craft. He led his own band in Balboa from 1936 to 1939 and remained as arranger when Skinny Ennis took it over to play the Bob Hope radio show.

In 1941 he went to New York to write for the Claude Thornhill orchestra, which won two successive Billboard polls in the "sweet band" category. Debussy flirted with Charlie Parker on Evans's version of "Yardbird Suite" (featuring Lee Konitz). As Evans describes it, "Everything — melody, harmony,

rhythm — was moving at minimum speed. Everything was lowered to create a sound, and nothing was to be used to distract from that sound. The sound hung like a cloud."

The sound matured when Evans became musical director of the historic Miles Davis "Birth of the Cool" nonet in 1948. In the '50s it evolved into "Porgy and Bess" and "Sketches of Spain," featuring Davis, Evans's only hit records. On a series of classic big band albums like "Out of the Cool" and "Priestess" in the '60s and '70s, "Svengali" transmuted Jelly Roll Morton's "King Porter Stomp," Bix Beiderbecke's "Davenport Blues," Dizzy Gillespie's "Manteca," Kurt Elling's "Bilbao" and John Benson Brooks's "Where Flamingoes Fly" into hanging clouds of sound. The clouds flew into electric storms in 1974 when he explored the syncretic implications of rock on the album "Gil Evans Plays Jimi Hendrix."

But a sound cannot be copyrighted and although his was widely reproduced in film music (James Bond movies, for example), commercial jingles and by other bands, Evans basically lived from his U.S. Social Security check for years. He once admitted that his New York senior citizen's public transportation pass came in handy. More recent recognition has included a National Endowment for the Arts grant and soundtracks for "Absolute Beginners" and "The Color of

Money," but still, his 75th birthday tour is of Europe not the United States, and it is a Frenchman who is writing the first biography of Evans. Laurent Cugny, a bandleader and arranger, who plans to finish his book next year, calls him "an angel. I can't think of a better word. He talked to me for hours about hundreds of musicians and he hasn't a bad word to say about any of them. I never heard a musician say anything bad about Gil."

"The only people he's had problems with are record producers. He calls them greedy and they accuse him of being an inefficient perfectionist. Ironically, his music is rarely perfectly executed. Like Ellington's, it does not require perfection." When he tells you about his life, you begin to see he's always been a victim of the system. For example, he received no royalties for "Sketches of Spain." He wanted to record with Louis Armstrong, whom he worshipped, but it never happened. And Jimi Hendrix's death ended discussions for a joint project.

"Gil keeps talking about all the things he couldn't do, but when you step back and look at his life you realize that he has somehow overcome everything. He is not a loser but the ultimate winner. He's still out there making modern music."

Gil Evans tour: Britain, May 13-16; France, West Germany, Norway and Switzerland, May 18-30.

Lacroix: A Parisian in Dallas

NEW YORK — Christian Lacroix, the new couture designer on the Paris scene, has not shown a collection yet, but he is being courted right and left by the American retailing industry.

During a recent 10-day trip across the United States, he was wined and dined by all the major specialty stores and shops, including Saks Fifth Avenue, Bloomingdale's, Bergdorf Goodman, Neiman-Marcus, I. Magnin, Barney's



Lacroix goes west for "a little bit of show-off."

and Martha. "They haven't seen a thing yet," Lacroix marveled, "and they all want to sign me up." Besides the restricted, elitist couture collection to be shown in July in Paris, where he has opened up in a town house in Rue du Faubourg Saint-Honore, he will offer two lines: a pre-couture and a ready-to-wear. Pre-couture will be a special deluxe range. "It corresponds to the American mentality and fits within their price range," he said. "All the clothes will be made in Paris, and the stores are most excited about this line."

Lacroix will show pre-couture in September and ready-to-wear with the rest of the Paris pack in October. Haute couture prices will start at 25,000 francs (a little over \$4,000) and pre-couture's prices will start at around \$2,000. However, the ready-to-wear will be much more affordable, with nothing over 3,500 francs (\$600).

Pre-couture will be closely tied to couture "both in spirit and shape. It will be both traditional and luxurious. Ready-to-wear will follow the technique of mass production," he added. "It will be simple with pretty fabrics and colors but not too serious."

Lacroix was traveling with his business partner and image maker

Jean-Jacques Picart, and the company's manager, Paul Audrain. Both Lacroix and Picart had been in New York and Los Angeles before, but they had never been to Dallas, Houston or San Francisco. Before they started, it was clear they were not aware of the enormous scale of the market, but after thinking they could "do" Dallas in one day, they quickly caught on. In their meandering, they took in Jimmy's a boutique in Brooklyn "which sells Gaubier, Montana and Ungaro. It's unbelievable, this eclectic choice in a boutique lost in the middle of Brooklyn," Picart said.

"We learned a lot already," Lacroix said. "We asked all these retailers their reaction to European exports, and, chiefly, who does the best job at manufacturing and distributing."

The team hit on a vital point. Even the best European collection

means nothing if it is not made right and delivered in time to the American market. American stores have a strict delivery schedule, because after certain dates, they know that women won't buy any more. "The ideal would be for us to have our own production and delivery system, like Chanel," Picart said, "but it's still too early in the game."

Lacroix was looking closely at GFT (Gruppo Finanziario Tessile), an Italian manufacturer who has done a superb job with Valentino, Ungaro and Armani and recently signed up Montana. "But they just took over Montana and Dior," Picart said, "so they may be overworked as it is." Their next choice would be the Girombelli group, which produces its own successful lines, Genny and Byblos. However, its handling of the Claude Montana collection, with which they severed ties recently, was not a success.

There will be special collections

for different stores, according to Lacroix. One of their most exciting contacts was the specialty shop Martha, which with boutiques in New York and Palm Beach and Bal Harbour, Florida, makes a killing at the luxury level. "We'll make an exclusive, very expensive, embroidered collection just for her, because she has the clientele," Picart said.

Running around American stores, Lacroix and partners, who often sounded like innocents abroad, also discovered that "American ready-to-wear is excellent. We've seen wonderful cotton clothes — easy, casual. Americans have the sensibility for making practical, unpretentious, uncomplicated clothes. The Calvin Klein's couture for Bergdorf is fantastic. At Martha, Bill Blass's collection is superb, with terrific embroidered skirts," Lacroix said. He also found out that, unlike European collections, which often seem to operate in the dark, American collections are remarkably on target. "You see immediately who is going to wear what," he said.

At the end of his trip, Lacroix was impressed by American kindness. "We've been regally entertained," he said. Professionally, he learned that he will have to work "American — just like Bill Blass or Oscar de la Renta. This means not only in deliveries but style as well."

He noted that the West Coast is far more colorful and flowery than the East. "Ungaro is a landslide here," he said. He also discovered that the American market needs a lot of cocktail and evening wear because Americans go out a lot. There is a very dressy, very champagne side to American fashion, a little bit of show-off to which we're not used over here. This will be wonderful for me because that's just what I love," said the designer who put the pouf on the map.

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OPINION

Gary Hart Ought to Know Who Shot Down Gary Hart

By A.M. Rosenthal

NEW YORK — Gary Hart said he woke up at about 4 A.M. and decided hell, no, he wouldn't just go out quietly but would speak his mind, tell everybody about the dreadful times we are in. He ought to know that those wonderful middle-of-the-night inspirations don't look so good in daylight.

ON MY MIND

tion, Gary Hart told us he had decided that Gary Hart was a wonderful man after all and that everybody was responsible for Gary Hart's political demise except Gary Hart. I like myself, he said, take me or leave me. Blame? Those others out there. He almost managed to make The Miami Herald look good, and it is not his fault that he didn't succeed.

Who was responsible for the Hart disaster? The press! The press kept insisting on examining him and finding out the kind of fellow he was, and this got between Gary and the voters and prevented him from getting his point of view across to the public!

A Reporter Under the Bed

GARY Hart has rewritten the guidelines of political journalism. Until his tragic downfall faded from memory—and that will be a long, long time—every politician from the precinct to the White House will be wondering whether his private life will become a public issue.

should be competitive, but not to the point of shoving in an important story that could destroy lives, without getting all the facts possible and giving people a decent time to reply. And I felt that The Herald damaged journalistic self-respect by skulking around Mr. Hart's house all night, hiding out in the bushes. An unmarked car or van with spotters inside is a bush with four wheels.

But along comes Mr. Hart to turn what could have been his finest moment into a spasm of self-pity. He said he was not very good at talking about himself or playing the political game. Really? Then what in heaven's name was he wasting our time for by running for president?

That was bad enough, but then Mr. Hart tried to turn himself into the victim and the press into a criminal.

It is absolutely true that running for president is a strenuous, nerve-wracking process, and that the press often pushes too hard and asks embarrassing and even vulgar questions. It is also absolutely true that Mr. Hart and every other candidate reach their voters through the press, print and electronic. Virtually every important thing they say gets printed or broadcast. Often, over and over, because most politicians say the same thing every day wherever they are.

Mr. Hart said not a word, not one blessed word, about what did ruin his career, and the careers and lives of so many political workers who had put their faith in him—not the press, but his own conduct. His very strong wife, said Mr. Hart, was brought close to tears because she could not get into her own house without being harassed.

As a journalist, I am often appalled by the crush of reporters around a public figure. I am as appalled as when I heard a man who wanted to be president talking about his wife's tears without having the courage to say it was he who had brought tears into her life by his behavior. That is what wrecked his future and hers.

It was not Mr. Hart's sexual ethic that was the issue to me. It was a feeling that by taking the risk he had a dangerous longing for the high wire. Now, through his own mouth and mind, he has shown us the sad truth. At best, he never understood himself and what he was doing. At worst, he understood not even at the end had to blame others—never himself.

Yes, as Mr. Hart said, we all have to do some hard thinking about the way we choose presidents. Journalists have to think about whether they should act like snoots and private eyes even if they have the First Amendment right to do so.



More to Arms Control

Representative Les Aspin argues, in "But Battlefield Nuclear Weapons Should Go First" (April 28), that such weapons are undesirable because they are likely to be used early in a war. However, a powerful deterrent of conventional war is the prospect of its quickly becoming a nuclear one. Mr. Aspin thinks that the objective of arms control is to make nuclear war less likely. Most West Europeans wish to make any war unlikely.

KENNETH N. WALTZ, London.

In response to the report "Reagan Arms Adviser, Contradicting Policy, Cites Missile Pact Flaw" (April 29): Having heard Edward Rowley express his views in Geneva, I am surprised that he remains a member of President Reagan's arms control team. I doubt that he will support any proposal put forward to enhance the chances for a treaty.

JOHN B. THOMAS, Paris.

What About the Skill Gap?

Lester C. Thurow's peppy opinion column, "Tomorrow, U.S. Trade in the

Black" (April 24), has appeal: Once the trade deficit is erased, there will be about 4 million more manufacturing jobs, guaranteed by economic arithmetic. Is it time to celebrate? Hardly.

A look around American stores and stores shows foreign-made vehicles everywhere and imported consumer goods from kitchen knives to high-tech gadgets. Be it Henry Ford's production line or the space technology built into a Swatch, American ideas work—and sell—unless they are transformed into products by Americans—who have developed a keen sense of quality over the last decade and seem bound to purchase foreign goods.

At present, the country does not have the industrial expertise to transform good ideas into goods that sell.

There are two solutions: import such skill instead of goods or, better yet, develop it at home, expanding spending on research and development.

JOSEF ERNST, Berlin.

Peace With Whom?

Regarding the report "Jordan Challenges Israel on Peace Talks" (May 3): All the jockeying over direct "peace talks" between Israel and Jordan either

A Manizing Scandal Would Be a Signal

By Ellen Goodman

BOSTON — A self-appointed watchdog of sexist language and literature called this morning in especially high dudgeon. This person, mind you, has made an avocation of catching every missing pronoun. Use the word "he" when you mean "he and she" and this committee of one is ready with the genderless judgment: Get the unisex cuffs.

Today he/she (we will keep this androgynous) said that I was on his/her blacklist. I had blown years of credits by the use of the word "womanize." Even worse, I had written about politicians' penchant for peccadilloes. I had listed the charges against Roosevelt, Eisenhower, John Kennedy, Gary Hart—where are the charges against woman?

Not a bad question. But I don't believe that it's a matter of semantics or a sexist plot to discriminate against (in favor of?) women.

There just isn't a good gender-free equivalent for the word "womanizing." Wordsmith William Safire (IHT, May 4) recently went through an entire desk file of alternatives, including "man-eater," before settling on "philanderer"; and suggesting that when a woman runs for the presidency she could say, "I'm not a philanderer." But "philanderer" just doesn't have the same juice.

Maybe, in the end, there is no fitting female verb because there isn't the female activity—at least at the same high political level. The women who historically have garnered reputations for frivolous and varied sexual behavior—Catherine the Great, Elizabeth I—did not have to worry about getting elected.

More recently, the political women who have been damaged by the men in their lives followed more traditional patterns. Bess Myerson's troubles in New York could be traced in part to choosing Mr. Wrong, Peggy Heckler suffered because of a divorce proceeding in which she was pegged as Mrs. Cold. As for Geraldine Ferraro, I give you the words at a recent political roast uttered by

MEANWHILE

Gloria Steinem: "What has the women's movement learned from her candidacy for vice president? Never get married."

Why haven't there been any "manizing" scandals about political women? Theories range from woman's nature to her inureness. Ruth Mandell, of the Center for the American Woman and Politics, says that political women are still in the pioneer stage, and pioneers may be "less willing to take risks in what is already a very sensitive situation. It's not that I've never heard of women having an affair, but they tend to be very, very cautious."

The cliché of "womanizing," she adds, conjures up the image of the older, powerful man and young attractive woman: "He's admiring her for looks; she's admiring him for power." There are very few images in society at large, let alone in rarefied politics, of older, powerful woman and young attractive men. Male power may be the great aphrodisiac to women, but it doesn't seem to work in reverse.

lumbia University, suggests: "Women in general grow up associating sex with danger, long before they even get into politics. We're brought up to understand that we're very vulnerable." Vulnerable in terms of pregnancy, even rape, and certainly in terms of the double standard of society. She also does not believe that many high-status women wish to prove it in the bedroom. "I don't think," she says, "that getting men to submit... is the way most women feel powerful."

I could find no one, not even myself, who would argue in support of the higher morality of women in politics. "I don't want it to seem like women aren't subject to flattery and temptation," says Ms. Mandell. We may be dealing not only with pioneers but with a first wife who put their personal life on hold—women who have to be twice as virtuous and who have always felt watched.

If that is true, it may just be a matter of time until women catch up. Or catch-down. The gender gap in womanizing—the word and the deed—may come down to numbers. "I think we just have too small a sample," says Kathy Book, of the National Organization for Women's Legal Defense Fund. It is hard to know how women in high office will behave, when she says, "all you have to go on is about 26 people's behavior."

When more women get to high political power, will they be different? Will we have equal ratios of manizers among the crowd? "This is the \$64 million question," says Ms. Book, asking with a touch of irony, "Will we know women have made it when we have our first scandal?"

Washington Post Writers Group.

LETTERS TO THE EDITOR

On the Streets, in Fashion

Regarding the opinion column "Isn't It Time the '60s Came to an End?" (May 2) by Charles Kraushammer:

Why should Americans stop protesting what they believe are iniquitous acts carried out by their government, simply because the decade has changed? Unlike miniskirts or hippie beads, mass demonstrations and civil disobedience need not become outdated. If protest is used to call attention to abuses of power by an agency of the government, then it is always well-timed and relevant.

BRIAN BURT, Wiesbaden, West Germany.

My Garbage, Your Mess

In response to the editorial "Trash Without a Country" (April 30): Did businessman Lowell Harrison think he could get rid of his Northern garbage in the South because the South matters less?

O. PICURI, Kilchberg, Switzerland.

An Island of Rainbows

Since your newspaper is so widely read throughout the world, I must con-

test some of the statements by Mark Kurlansky in his article on Dominica: "A Lush Caribbean Isle" (April 18).

Dominica is not like a South American jungle. It is nature's living museum, offering an incomparable opportunity to experience one of the last spots on Earth where nature is so unspoiled and flourishes in such abundance.

It is an island of rainbows, with mists rising from lush valleys and falling over blue-green peaks. Teams of scientists have come to study its pristine life.

The writer says there is no industry. But we have many industries, such as Dominica Coconut Products, fruit processing, industries and light assembly plants. The government provides incentives for industrial development.

The writer refers to the Boiling Lake as a "geyser pool," but this underestates its uniqueness. New Zealand has the only other one in the world.

Our prime minister, Eugenia Charles, has said: "Dominica does not follow the popular image of a tourist center. But it offers unusual features that could be attractive to the up-market trade."

MCDONALD P. BENJAMIN, Ambassador of Dominica to Italy and the United States. Rome.

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NYSE Most Actives table with columns for Vol, High, Low, Last, Chg.

Market Sales table with columns for NYSE 4 a.m. volume, NYSE 9:30 a.m. volume, etc.

NYSE Index table with columns for High, Low, Close, Chg.

Monday's NYSE Closing logo and text: Via The Associated Press

AMEX Diary table with columns for Class, Prev.

NASDAQ Index table with columns for Class, Chg, Prev.

AMEX Most Actives table with columns for Vol, High, Low, Last, Chg.

Dow Jones Bond Averages table with columns for Bonds, Utilities, Industrials.

NYSE Diary table with columns for Class, Prev.

Odd-Lot Trading in N.Y. table with columns for Buy, Sell, % Buy.

Dow Jones Averages table with columns for Open, High, Low, Last, Chg.

Standard & Poor's Index table with columns for High, Low, Close, Chg.

NASDAQ Diary table with columns for Class, Prev.

AMEX Stock Index table with columns for High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Mixed in Active Trading

United Press International. NEW YORK — Prices ended mixed on the New York Stock Exchange on Monday in active trading after a late selling wave wiped out a sharp advance.

British Stocks Post Record Gain

Agence France-Press. LONDON — Stock prices on the London Stock Exchange took a record jump Monday, closing at a new high, buoyed by Prime Minister Margaret Thatcher's announcement of an early election on June 11.

The Dow Jones industrial average, which rose 31.90 last week, erased a 40-point advance to finish at 2,507.30, down 15 points. An hour before the close, the index had been ahead more than 31 points.

The Financial Times index broke the 1,700 mark for the first time before dropping slightly under the weight of profit-taking. The index closed up 38.4 points, at 1,697.1. That was well above the previous record of 1,658.7, set Friday, when the index leaped an unprecedented 30.7 points.

Prices rose in active trading of American Stock Exchange issues. The market showed sharp gains until the last half hour of trading.

to acquire Caremark Inc. in a stock-swap deal valued at about \$520 million. Among blue chips, IBM, AT&T, General Motors, Eastman Kodak, International Paper, General Electric, DuPont, Merck and Minnesota Mining & Manufacturing were all ahead at 3 P.M.

Table A: NYSE Most Active Stocks (continued)

Table B: NYSE Most Active Stocks (continued)

Table C: NYSE Most Active Stocks (continued)

Table D: NYSE Most Active Stocks (continued)

Table E: NYSE Most Active Stocks (continued)

Table F: NYSE Most Active Stocks (continued)

Table G: NYSE Most Active Stocks (continued)

Table H: NYSE Most Active Stocks (continued)

Table I: NYSE Most Active Stocks (continued)

Table J: NYSE Most Active Stocks (continued)

Table K: NYSE Most Active Stocks (continued)

Table L: NYSE Most Active Stocks (continued)

Table M: NYSE Most Active Stocks (continued)

Table N: NYSE Most Active Stocks (continued)

Table O: NYSE Most Active Stocks (continued)

Table P: NYSE Most Active Stocks (continued)

Table Q: NYSE Most Active Stocks (continued)

Table R: NYSE Most Active Stocks (continued)

Table S: NYSE Most Active Stocks (continued)

Table T: NYSE Most Active Stocks (continued)

Table U: NYSE Most Active Stocks (continued)

Table V: NYSE Most Active Stocks (continued)

Table W: NYSE Most Active Stocks (continued)

Table X: NYSE Most Active Stocks (continued)

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South Korea's New Turmoil

IN THE NEWS

Jan. 20: Minister Quits After Student's Death

The death of a South Korean student during detention leads to the resignation of the interior minister, Kim Chong Hoh. The national police had formally acknowledged that Park Jong Chol, 21, was tortured and died of suffocation during an interrogation. The incident forced the government to admit, for the first time in a political case, that the police had behaved brutally.

April 8: Two Dissidents Break With Party

South Korea's two most prominent dissidents break with the leading opposition party to form a political party of their own, the Party for Reunification and Democracy. Kim Dae Jung and Kim Young Sam said the action was needed to end the fractiousness within the opposition, which is divided over how to change the constitutional process for selecting a national leader.

April 13: Chun Halts Talks With Opposition

President Chun Doo Hwan orders an end to discussion with the opposition on writing a new constitution and announces that his successor will be selected this year under the present electoral college system. Any further constitutional talks with the opposition are postponed until after the Olympic Games are held in Seoul in September 1988.

April 17: Demonstrators Protest Reform Delay

About 3,000 students demonstrate to demand the resignation of President Chun and to protest the delaying of plans for constitutional change. Clashes with police spread throughout the country during further demonstrations on April 28 and May 6.

April 18: Seoul Sets Economic Measures

Deputy Prime Minister Kim Mu-ni announces a new economic package to wean the economy from a dependency on exports. The measures are announced just before the arrival in Seoul of the U.S. commerce secretary, Malcolm Baldrige.

IN THIS REPORT

Political Struggle 12

The opposition's leading dissidents are increasingly viewed as another symptom of underlying political problems.

Economic Growth 13

South Korea is taking its place in the global economy even faster than its industrialists and planners had anticipated.

Asian Advance 14

South Korean companies increasingly appear to be ready to move into Asia.

Banking Rules 15

South Korea's banking system could be closer to independence.

Washington View 16

The abrupt end of negotiations for a revised constitution has caused deep concern.

Succession and the Military

Steps Toward Democracy Fail To Match Economic Progress

By Patrick L. Smith

SEOUL — A year ago, this politically troubled nation seemed alive with the possibility of genuine advancement. President Chun Doo Hwan had cautiously agreed to accept long-awaited constitutional change that would have allowed him to preside over South Korea's first peaceful transfer of power.

The opposition New Korea Democratic Party had won substantial public support for its demand that Mr. Chun's successor be chosen by a direct popular vote. One way or another, political institutions were to triumph over personal ambition and the threat of military intervention.

There were few certainties: The tough politicking that has characterized South Korea's struggle toward democracy had not ceased. But there was an unmistakable hope that it might finally produce a breakthrough after 38 years of near-constant turmoil.

No such optimism now remains. A month ago, the New Korea Democrats collapsed when party moderates proposed a compromise with Mr. Chun, who has insisted on a system of indirect presidential balloting. The president subsequently postponed debate on the constitution until after his successor is chosen, a move seen widely as an opportunistic lurch into a sudden political breach.

Once again, South Koreans have been forced to confront the limits of their political maturity. On both sides, leaders have failed to overcome the traditional Korean inability to compromise, which is based on a view that concessions are an indication of weakness.

More broadly, they must confront the political system's inability to push forward leaders capable of reflecting their achievements. The nation now faces the prospect of another military-backed regime that could remain in power until 1995, engendering little public enthusiasm and a steady level of civil disorder.

"Everything has changed," said Hyun Hong Choo, a senior official of the ruling Democrat-

South Koreans must confront the political system's inability to push forward leaders capable of reflecting their achievements.

Justice Party, in a recent interview. "Everything except our constitution, the one thing we were supposed to change."

Since Mr. Chun came to power seven years ago, following the assassination of President Park Chung Hee in October 1979, his rule has been marked by a high degree of ambition.

Internationally, the president has sought to extend South Korea's diplomatic contacts, thus earning the nation a more prominent place in the world community; at home, the establishment of rule by law and the strengthening of political institutions have ranked high among his professed goals.

In many respects Mr. Chun's term, which expires in February, can be counted a success. The economy has expanded at an average annual rate of nearly 9 percent during his tenure. In a new display of self-confidence, planners have begun to encourage domestic consumption for the first time in the nation's history.

In partnership with Prime Minister Yasuhiro Nakasone of Japan, Mr. Chun has markedly improved the often troubled relationship between Seoul and Tokyo. And he has overseen the flowering of the nation's unofficial ties with China.

As a token of its regional emergence, Seoul has slowly begun to assume a more important security role in northeast Asia as part of a still-unacknowledged strategic alliance with Tokyo and Washington.

Apart from the radical groups that have opposed the Chun regime most strenuously, no one in South Korea wants the summer Olympic Games in September 1988 to be anything less than the national triumph they are intended to be.

The Games, too, are likely to mark a diplomatic success for the present administration, in that China and virtually all Soviet-bloc nations are expected to attend, despite the insistence of North Korea that it co-host the Games.

That is the positive side of the ledger. It has not significantly eased the crisis of legitimacy that Mr. Chun has suffered since his inauguration.

Although Mr. Chun resigned from the military on assuming office, his regime has been marked by a dramatic increase in the political role of the military. The ruling party continues to function chiefly as a political vehicle for Mr. Chun and his military supporters; efforts by some civilian officials to advance the party beyond this role have not succeeded.

Mr. Chun has failed to loosen the firm grip that Mr. Park, his predecessor, gave the executive over the National Assembly. In modified form, he has kept constitutional provisions that weight the control of legislative seats heavily in the ruling party's favor.

Outside of the parliament, Mr. Chun's human rights record has been grim. For much of his term, according to local political sources, the government has held more detainees than Mr. Park at any one time during his rule.

Although Seoul has pulled decisively ahead in its political and economic competition with Pyongyang, this is viewed by many analysts as both a success and a liability, insofar as it increases tension between the two sides.

Continued on page 15



President Chun Doo Hwan

Learning From Japan's Mistakes in Trading With U.S.

By Stuart Auerbach

WASHINGTON — For years, Japan has been peering warily across the Sea of Japan at South Korea's emergence as an embryonic economic giant first in steel and now challenging the Japanese in U.S. markets with low-cost cars, home electronics products and computers.

These days it is South Korea that is doing the looking, watching the growing trade frictions between Tokyo and Washington and trying to figure out how it can escape the kind of punitive sanctions that the United States imposed on Japan last month.

With 40 percent of its exports landing in the United States, South Korea is especially sensitive to any notion that it is a second Japan, pursuing the same mercantilist, restrictive import policies used so successfully by the Japanese.

At first blush it appears that South Korea is succeeding in learning from Japan's mistakes. It is embarked on a vigorous campaign to open its markets to U.S. products before it becomes a matter of public debate in the United States and a political issue in Congress. It has also gone on a "buy America" push, substituting

STUART AUERBACH is on the staff of The Washington Post.

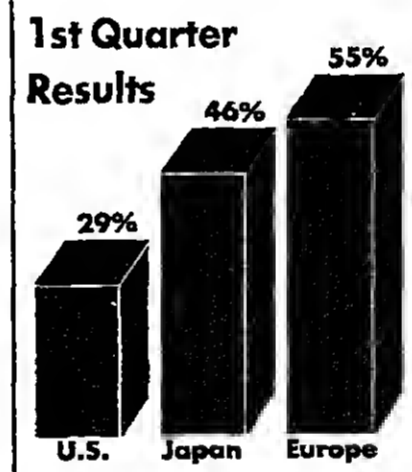
Changing Market For Exports

Country	% change from '85	% of total in 1986
United States	29.9	39.6
Japan	13.3	14.5
Hong Kong	21.2	5.3
Canada	8.6	3.6
West Germany	41.3	3.4
Others	22.1	33.5

U.S.-made products for those it previously bought from Japan.

Last month, while most of the attention was focused on a possible trade war between the United States and Japan, Seoul bowed to pressure from Commerce Secretary Malcolm Baldrige and agreed to end long-standing barriers to imports of U.S. computers, candy and automotive parts.

Significantly, Japan still maintains protec-



tionist barriers to chocolate imports, and auto parts are the subject of contentious negotiations between the United States and Japan.

The South Korean effort drew praise from Mr. Baldrige, who said on American television that Seoul has been more amenable than Tokyo in responding to U.S. requests that it relax import barriers.

Earlier in April, South Korea announced a tariff reduction program for 83 products, in-

cluding beer, cars, fruits and vegetables, lumber and paper products, to take effect in July.

It remains to be seen whether the South Korean promises will result in more U.S. sales in that fast-growing market. U.S. businessmen working in Seoul have complained that past market-opening initiatives appeared, like Japan's, to have been aimed more at public relations than at substantive changes in its import substitution policy.

"The highly publicized Korean government import liberalization campaign of the last few years has not resulted in any significant increase in imports of products other than raw materials, capital goods and inputs to the export manufacturing sector," said the American Chamber of Commerce in South Korea in a report issued earlier this year.

While these "Amcham" groups usually are reluctant to criticize the host government, the U.S. businessmen in South Korea said firmly that the Seoul government must abandon its basic strategy of import substitution to give U.S. companies a fair shake.

"We urge the administration and members of Congress to continue pressing the Korean government for equitable treatment for U.S. commercial interests in Korea," the group's report said.

"We believe we may very well lose the opportunity to participate in the explosive growth of South Korea's home market that will take place over the next few years if the barriers are not dismantled now."

Nonetheless, South Korea has sailed through the past year on what have become known here as "the three blessings" — low oil prices, low interest rates and the increasing value of the Japanese yen.

With its currency, the won, pegged to the sinking dollar, South Korea has benefited from the dollar-yen fluctuations as its products have become more competitive in both the United States and Japan.

While the yen has grown in value over the past 18 months by more than 40 percent in relation to the dollar, the won has risen just 6 percent against the dollar since the beginning of 1986.

So far, Seoul has been able to fend off pressure from Washington to realign the won, arguing that it needs to build up trade surpluses and keep its currency at present levels to pay off about \$45 billion in external debt.

Once that is done, top South Korean trade officials told the Reagan administration earlier this spring, it will allow the won to float to a level more in keeping with the country's international economic status.

While trying to hold firm on the won, South Korea has embarked on a campaign to keep the United States happy while delivering a blow to its former colonial master, Japan.

Looking at the high value of the yen, which made Japanese products less competitive,

Continued on page 12

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BANQUE INDOSUEZ. A WHOLE WORLD OF OPPORTUNITIES

Malaise Is Now Touching Dissidents

By Patrick L. Smith

SEOUL — Few South Koreans seemed surprised when the opposition New Korea Democratic Party collapsed last month and President Chun Doo Hwan abruptly canceled constitutional talks opened a year earlier.

Opposition parties have dissolved regularly into factional infighting since South Korea embarked on the road to liberal democracy in the early 1950s. Constitutions, particularly the rules they set for national elections, have been the focus of controversy for nearly as long.

But this year's reverses have affected the nation more profoundly than in the past, according to local political analysts, chiefly because popular expectations ran higher than before and because advances in other areas of South Korean life are now so much more apparent.

As elsewhere in East Asia, these analysts suggest, the political process in South Korea can no longer remain the preserve of the national elite, as it has been for most of the postwar period.

For the moment, at least, this prospering nation is politically adrift. Beyond the immediate struggles, many South Koreans have come to recognize, lie fundamental issues that must be addressed before traditional authoritarian rule can be left behind and some form of democracy can take its place.

Even members of the ruling Democratic Justice Party have expressed a deep sense of frustration since Mr. Chun announced on April 13 that constitutional talks would be deferred until after the Seoul Olympics have ended next year. Outside the party, the decision has further detracted from the president's already low level of popularity among voters.

But the opposition's leading dissidents, long accepted as the source of political virtue and the foundation of progress, are increasingly viewed not as an answer to the nation's political grievances so much as another symptom of its underlying political problems.

As Mr. Chun's foremost adversary, Kim Dae Jung continues to command considerable respect among South Koreans, according to independent analysts, chiefly because of the sacrifices he has made since he became politically active in the late 1950s.

But the nation's increasing impatience for political modernization has led many South Koreans to begin questioning Mr. Kim's authority in ways previously reserved for Mr. Chun and his predecessors.

"Neither side any longer seems to offer a real future for us," a leading political scientist in Seoul said recently. "Basically, they are seen in the same way — unwilling to compromise, both clinging to the same authoritarian political methods."

The question now, this source added, is "how different the ruling group and its opponents are, even in terms of ideology."

The constitutional issue on which political debate turned until recently remains of vital concern among South Koreans. Many voters — a majority, some independent analysts believe — continue to hold that direct presiden-



The two dissident leaders — Kim Dae Jung, left, and Kim Young Sam.

'The two Kims' and their followers must now survive in a political environment significantly less sympathetic to them.

Direct elections are the only way to assure that national leaders reflect the popular will.

Direct elections and the immediate reopening of constitutional talks are now the basic demands of the Reunification Democratic Party, which was formed by Mr. Chun's principal opponents, Kim Dae Jung and Kim Young Sam, following the demise of the New Korea Democrats.

Nonetheless, "the two Kims" and their followers must now survive in a political environment that is significantly less sympathetic to them, opposition sources acknowledge. Inter-

nally, there is a growing sense of uncertainty as to the course set by the party's leaders.

"What we are trying to accomplish is what needs to be done," said an opposition member of the National Assembly, "but I can't tell you that everything we've done is correct."

Such doubts are common among those in the new party who recognize it chiefly as a political vehicle in the traditional Korean mold. As in most other parties formed over the past four decades, personal allegiances act as substitutes for policy platforms among the Reunification Democrats, reinforcing a tendency to avoid the

compromises inherent in the parliamentary process.

As in the ruling party itself, internal party democracy in the opposition group is virtually nonexistent. Many supporters are now concerned that long-standing rivalries between the followers of the two Kims will threaten the long-term survival of the party, even though its constitution carefully ascribes equal power to both factions.

Outside of Seoul, the opposition duplicates the extreme centralization of the government itself. Just as the ruling party controls all important provincial and local posts through a system of appointments, for instance, opposition legislators are assigned to voting districts by the party apparatus in the capital.

Since Mr. Chun dropped constitutional amendments from the political agenda, increasing attention has focused on government plans to decentralize the political system by allowing more autonomy to municipal, county and provincial administrations.

In essence, the plan calls for the election of currently appointed officials by local councils and the reconstruction of provincial legislatures that were dismantled when Park Chung Hee seized power in 1961. Along with this, the government appears set to loosen some restrictions on the press and release some political prisoners.

Mr. Chun committed himself to reinstating the local autonomy system when he came to power seven years ago. The urgency with which the government is now addressing the issue is viewed by many observers as part of the president's effort to repair the political damage sustained by his abrupt constitutional decision.

Nonetheless, an increase in local autonomy is viewed by many observers as one key to the future development of both the ruling party and the opposition.

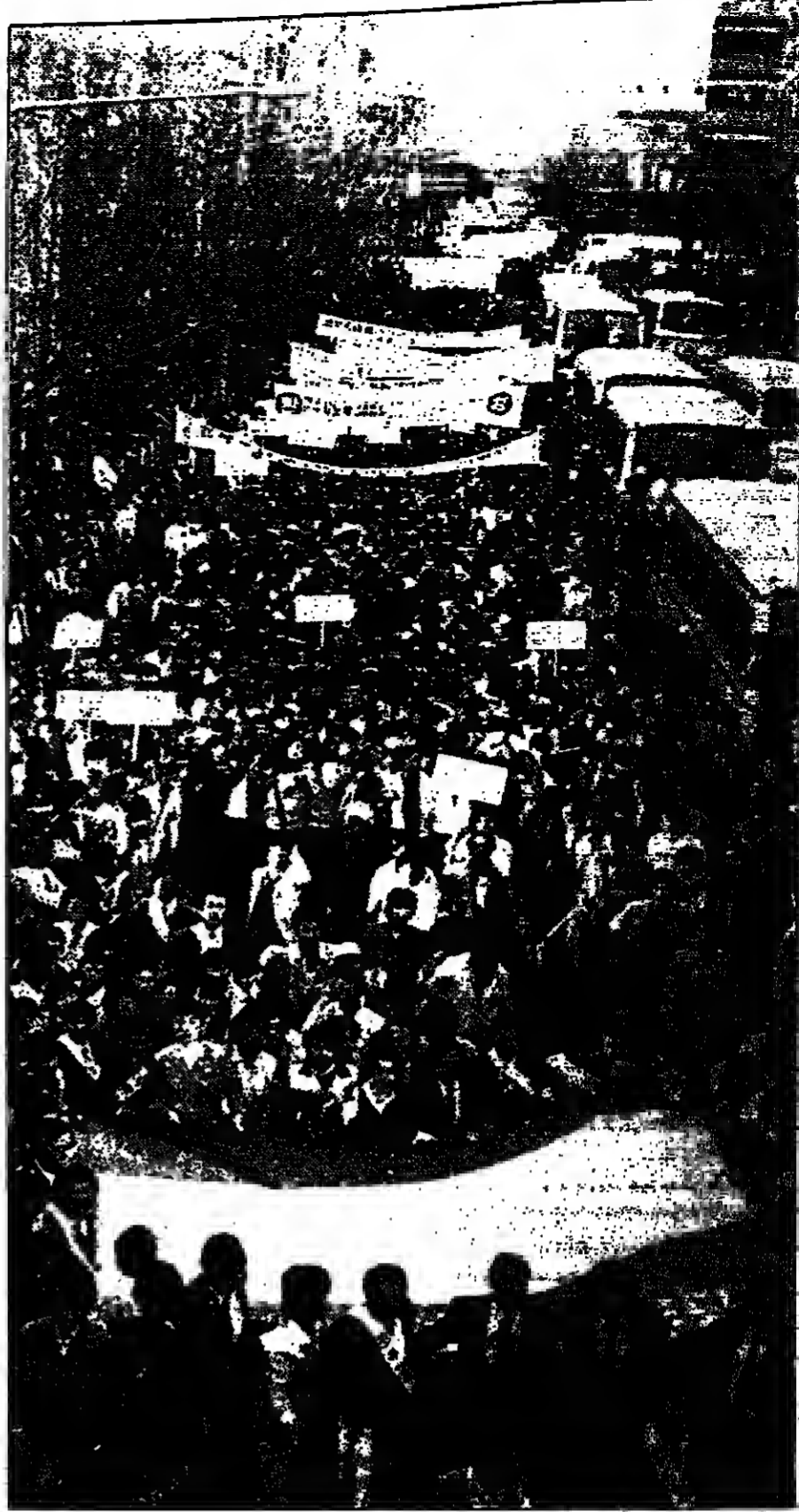
Younger, civilian members of the Democratic Justice Party have long sought to advance it beyond its beginnings in the military and to shape it into a freestanding political institution. The devolution of power will provide an opportunity for this to happen, and it will allow the opposition to draw nationwide support for the first time.

For the opposition, local autonomy will provide an opportunity to reach beyond Seoul and a few other large cities and increase its support throughout the country. In this, the plan is viewed potentially as a turning point in South Korea's political evolution.

"If they are implemented properly, these measures could transform the political picture," one local commentator said. "The opposition would suddenly be able to develop the backing and the political leaders it needs to compete."

The extent of the government's commitment, however, remains unclear at best, according to political sources. In late April, officials announced that the first phase of the program, involving less than two dozen localities, would begin in January, a month before Mr. Chun's term in office expires.

The plan now under consideration would not be completed until late 1988 at the earliest.



Early last month the opposition took to the streets in Seoul.



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Lesson From Japan On Trade With U.S.

Continued from page 11

Seoul deliberately decided to buy U.S. manufactured goods in place of traditional purchases from Japan. This angered the Japanese, who filed a complaint against South Korea with the international compact that regulates world trade, the Geneva-based General Agreement on Tariffs and Trade.

But South Korea was playing to an audience in Washington, not one in Tokyo or Geneva. And the decision, well trumpeted by Deputy Prime Minister Kim Mahn Je and Trade Minister Rha Woong Bae on separate visits to Washington, appeared to be a successful gambit for Seoul.

"We will continue to fulfill our commitment to expanding U.S. access to our market," said Mr. Rha in a letter announcing that South Korea, in a recent buying mission, had purchased \$1.5 billion worth of U.S. goods.

"Of this total," Mr. Rha said,

"about \$400 million consists of orders transferred from traditional suppliers in Japan to new ones in the United States."

This purchasing mission preceded a flurry of trade liberalization steps that were announced last month in Seoul. These included the announcement that Seoul intends to freeze its trade surplus with the United States at its 1986 level of \$7.4 billion instead of allowing it to rise to an estimated \$10 billion by the end of the year.

While Reagan administration officials welcomed the market opening side of the South Korean program, they expressed concern that South Korea might try to control its surpluses by restraining exports.

Although the United States has called for voluntary restraint agreements with a number of countries, including Japan and South Korea, on steel exports and agreed to limits with Japan on its auto exports, these restrictions go against the free trade rhetoric of President Ronald Reagan.



Korean exports pile up at the port of Pusan.

Handwritten Arabic text: "معلومات جديده"

Economic Gains Bring A Growing Maturity

By Patrick L. Smith

SEOUL — Like the 169,000 Hyundai autos that arrived in American driveways last year, South Korea is assuming its place in the global economy faster than even its most determined industrialists and planners seem to have anticipated.

Propelled by a combination of low oil prices, low interest rates and the revaluation of the Japanese yen — "the three blessings" as they are known here — national output grew by 12.5 percent in 1986, the world's highest rate of expansion.

And because the yen's rise coincided with significant advances in South Korea's auto and electronics industries, the nation established itself decisively last year as a global force in both sectors. Auto exports tripled in value terms, to \$1.6 billion; overseas electronics sales grew 55 percent.

Such gains have brought South Korea quickly to a turning point in its economic development. After decades of deficits in its external accounts, the trade and current-account balances have swung into surplus for the first time in the nation's history.

As a consequence, the massive foreign debt with which South Korea has underwritten its industrialization is now scheduled to decline by nearly a third in the five-year plan that ends in 1991. After peaking at \$47 billion in mid-1985, it stood at \$44.5 billion at the end of 1986.

Only a year ago, by contrast, debt was expected to continue building until it reached a peak of \$52.1 billion in 1990.

Marking the corner the nation has turned in its economic evolution, Seoul is now beginning to drop the emphasis it has long placed on austerity at home and to encourage increased domestic consumption.

"The improvement in our external conditions is a point of transformation for South Korea," said Young Soo Gil, a senior fellow at the Korea Development Institute, a government-funded research center. "Growth and exports are no longer the only priorities."

As many observers had predicted, this advanced state in the nation's economic emergence has been accompanied by increased trade friction and difficult structural adjustments in the high-growth industries of the past.

South Korea's trade imbalance with the United States, its largest trading partner, grew by 70 percent last year, to \$7.3 billion. Not surprisingly, Washington has substantially raised its demands for a liberalized import regime and a revaluation of the South Korean won.

At home, unbridled expansion during the 1970s in such industries as shipping and construction has left them financially fragile and overdeveloped in relation to current world demand. Increasing competition from lower-wage nations is also threatening a number of the nation's largest producers of traditional exports.

Some of these problems have retarded the government's long-term effort to reduce its role

in the economy. Debts of an estimated \$6 billion among ailing shipping companies and overseas contractors have forced officials to intervene by underwriting rationalization plans and assisting in the disposal of poorly performing assets.

Chiefly to avoid collapses among creditor banks, the government disclosed plans in early April to restructure more than two dozen troubled concerns in these two sectors, with the support of 15 companies that have better survived recent industry downturns.

The central bank and the Finance Ministry have similarly intervened to offset the inflationary effects of last year's 35 percent rise in export revenues and a consequent surplus of \$4.6 billion in the current account.

With money supply expanding at an annualized rate of nearly 20 percent, the government has dampened speculation in the property sector and suppressed prices in the share market by forcing local institutions to sell off substantial proportions of their portfolios.

These policies apart, what has struck foreign analysts in recent months is the increasing sense of maturity with which Seoul is addressing many of the problems that have come with its success.

Despite official reluctance, the South Korean won has been allowed to appreciate steadily, if slowly, against the U.S. dollar. It rose 3.4 percent in value last year and is expected to gain an additional 7 percent by the end of this year.

The government has also substantially advanced the five-year timetable set in 1983 for the liberalization of domestic markets.

Accompanying these measures, the government disclosed last month a wide-ranging initiative intended to reduce the role of exports as a contributor to economic growth and to begin encouraging import consumption among manufacturers.

The measures include the withdrawal of long-standing export subsidies and the provision of \$2.5 billion in low-cost Central Bank credits for businesses purchasing imported capital goods. Public spending on such projects as schools, hospitals and roads is also scheduled to increase.

Local economists and foreign analysts view these steps as the most important indication to date of South Korea's increasing economic self-confidence. They mark, in effect, the nation's first effort to advance beyond the export-led development strategy that has been the key to its success since it was adopted in the early 1960s.

The official targets are to maintain the current account surplus at roughly \$5 billion in coming years and to balance the contributions to gross national product made by exports and domestic growth.

Neither will be easy to meet in the near term, according to most economists. This year's current account balance is already expected to reach \$7 billion to \$8 billion and could run as high as \$10 billion. Overall growth is also expected to exceed the official forecast of 8 percent.

Exports are increasing at roughly the same rate as last year, when they accounted for about two-thirds of GNP expansion. Growth in capital investment household consumption, while not

ECONOMIC PROFILE

Year on year, growth in total GNP last year rose from 9.9 percent in 1Q to a high of 15 percent in 3Q before falling back to 11.8 percent in 4Q.



MANUFACTURING

Q1	+11.4%
Q2	+17.6%
Q3	+18.8%
Q4	+20.6%

CONSUMPTION

Q1	+4.8%
Q2	+5.5%
Q3	+7.7%
Q4	+7.0%

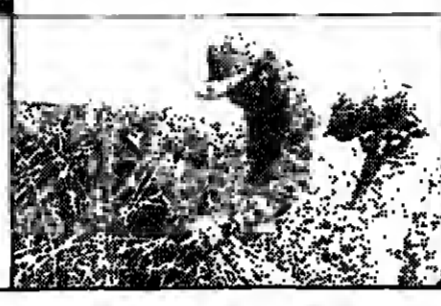


CAPITAL FORMATION

Q1	+9.8%
Q2	+15.5%
Q3	+16.3%
Q4	+10.7%

AGRICULTURE

Q1	+19.7%
Q2	+2.7%
Q3	+9.5%
Q4	+2.9%



Photos from top: Hwa/Gamma, Bureau/Gamma, Monahan/Sygnis, Kuriko/Gamma

Source: Hwa Gov. 1986 results

unhealthy, falls well short of expansion in the export sector.

In the longer term, the young technocrats urging a basic shift in South Korea's economic priorities must also contend with a high degree of bureaucratic inertia, a variety of nontariff barriers and an engrained tendency to preserve foreign exchange.

These are potentially significant barriers to

the effective implementation of Seoul's new policies. Nonetheless, the nation is widely credited with having taken the first steps toward more balanced growth and smoother trade relations.

"The change in direction is clear," a foreign diplomat said after the government's initiative was announced. "The question is whether the technocrats will triumph, whether they can move the guys running steel plants and factories."

Domestic Demand Fuels Dramatic Expansion of Crude Steel Production

By Erwin Shrader

SEOUL — As Japanese, U.S. and European steelmakers shrink, South Korea's relatively young steel industry grows, and in dramatic fashion.

Kwangyang Bay, on the country's southern coast, once produced some of the best fish and edible seaweed on the Korean peninsula — but no longer. In early May, with the dedication of the \$1.18 billion first phase of Pohang Iron & Steel Co.'s (POSCO) second integrated mill, the formerly tranquil bay started yielding steel.

The state-owned plant, which employs the continuous-casting process, increases POSCO's crude steel production capacity by about a third to 11.8 million tons per year. Work on a second phase is under way. Its 2.7 million tons of capacity, when completed in late 1988, will push South Korea well up among the top 10 steel-producing nations of the world.

The expansion of POSCO, which produces more than 60 percent of South Korea's crude steel, and other smaller Korean steelmakers has been keyed to low construction and labor costs, melded with the latest in Japanese and Western iron and steelmaking technology.

Korean-made steel is among the cheapest in the world. This has won it markets worldwide, notably in the United States, which took in about a third of South Korea's \$2.7 billion in steel exports for 1986.

Last year, direct exports accounted for about 30 percent of total steel production in South Korea, down from a peak of 44.5 percent in 1982. Sluggish world demand plus voluntary export-restraint agreements with the United States and the European Community have dampened overseas sales.

Kim Kyo Sung, director of the Ministry of Trade and Industry's iron and steel division, said that exports in 1987 were expected to drop 1.5 percent in volume and increase only 1 percent or so in value.

"The purpose of expanding our capacity is to meet domestic demand," said Mr. Kim, by way of calming trading partners with beleaguered steel industries. Through 1990, he said, growth in local demand for steel goods is projected at 7 percent per year, outstripping increases in local production.

Pushing POSCO and other steel companies to their limits are South Korea's car and consumer electronics industries, which have made dramatic export gains in the past two years. (About a third of South Korean crude steel production is exported indirectly.)

This year, even South Korean shipbuilders, in a slump until recently, are placing

larger orders for steel plates. Meanwhile, demand from the construction sector, South Korea steel's biggest customer, holds steady.

South Korean manufacturers continue to import significant volumes of specialty and high quality steels. Local steelmakers, at the urging of the government, have invested to broaden their product range.

Earlier this year, POSCO started up a cold-roll mill at its main plant in Pohang to supply carmakers with high-grade steel sheet, much of which they have had to import from Japan. A similar plant is under construction at POSCO's Kwangyang complex.

POSCO has plans for two additional steelmaking phases at Kwangyang that

Growth has been keyed to low building and labor costs melded with the latest in technology.

would round out the company's crude steel capacity at 18 million tons per year sometime in the mid-1990s. For now, however, it is still wait and see, said Mr. Kim of the Ministry of Trade and Industry, suggesting that foreign trade restrictions on South Korean cars and other emerging exports might discourage further expansion.

As a hedge against protectionism, a profit-rich POSCO last year agreed to spend \$240 million to help modernize a USX Corp. finishing plant in Pittsburg, California. As part of the deal, POSCO will supply the plant with a million tons of steel coils each year, beginning in 1989, which is when the current restraints on South Korean steel imports expire.

ERWIN SHRADER is industry editor for Business Korea, an English-language monthly magazine published in Seoul.

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The Asian Connections

Industries Cautiously Explore Investment Moves Into Southeast Asia

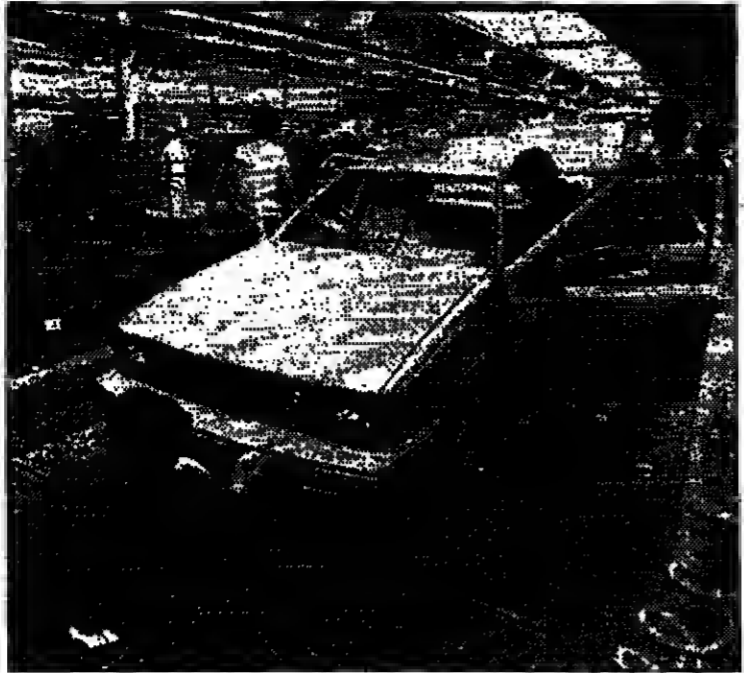
By Michael Richardson

SINGAPORE—Under pressure from a rapidly rising yen and the threat of protectionism in some of their major markets, Japanese manufacturers have been forced in the past two years to relocate many factories overseas, with Southeast Asia becoming a favored target since early 1986.

After years of tight government control over offshore investment, there are signs that South Korean companies will also develop a more substantial stake in the region.

The government in Seoul recently announced that it would relax its overseas investment rules and allow South Korean banks abroad to lend more liberally for that purpose. Pressure from the United States for revaluation of South Korea's currency, the won, may also encourage South Korean manufacturers to establish operations abroad.

But foreign analysts and South Korean businessmen and officials in the region caution that this shift is only expected to be of gradual benefit to members of ASEAN, the Association of South East Asian Nations linking Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.



Workers at the Hyundai auto plant in Ulsan.

Labor costs in South Korea are higher than in Thailand and Indonesia, almost the same as in Malaysia, and way below those of Japan.

In a recent survey of the South Korean economy, Political & Economic Risk Consultancy Ltd., a Hong Kong-based group of consultants, said it expected "a boom in overseas foreign investment" to follow the government's relaxation of rules. But it said that this investment was likely to be widely dispersed.

Koo Cha Hong, managing director of Gold Star Co. Ltd. in Singapore, said he believed that South Korean companies would, in the future, undertake more direct investments and joint ventures in ASEAN countries. His firm is a member of the Lucky Goldstar group, South Korea's third largest industrial, trading and financial conglomerate after Samsung and Hyundai, measured by 1986 turnover.

South Korea's total investment in ASEAN amounts to less than \$200 million, only a fraction of the funds committed by the United States, Japan and West European nations. By contrast, Japan's investment in Indonesia alone is more than \$8.5 billion.

Mr. Koo said that ASEAN countries wanted Japan and South Korea to "come in and contribute to economic development by investing and not just selling. We understand that. I feel that South Korea may be able to provide a viable alternative to Japan in technology transfer for ASEAN."

South Korea has worked hard on research and development to build its own technological base. The success of Hyundai's cars in export markets testify in this, although they have been helped by the strong yen, which has made similar Japanese vehicles substantially more expensive.

The two latest South Korean models, Pony Excel and Stellar, first appeared in Singapore last September. The dealer reported recently that they had captured 18 percent of the local market for new cars, just behind the best-selling Japanese Honda.

However, South Korean officials said that the first industries to move offshore were likely to be small and medium-sized labor intensive

enterprises, not high-tech ones. They said the most promising locations in the ASEAN area were Thailand and Indonesia because wage costs were relatively low and domestic markets large.

Established South Korean investments include plants for cement and plastics in Singapore, forestry, plywood, steel fabrication and chemicals in Indonesia, and cement, rubber products and furniture in Malaysia.

Mr. Koo said the Lucky Goldstar group is considering joint ventures for manufacturing color television sets in Thailand, textile machinery and electrical tools in Indonesia and electronic items in Malaysia.

Labor costs in South Korea are higher than in Thailand and Indonesia, almost the same as in Malaysia, significantly lower than in Singapore and way below those of Japan. The productivity of South Korean workers and the quality of their output is generally superior to that of most ASEAN countries, according to South Korean businessmen.

Mr. Koo noted that labor costs in Japan's electronics industry were four or five times higher than in South Korea. "So Korean companies in general still want to concentrate their investment at home," he added.

Southeast Asia's experience of Japanese and South Korean business practices has been far from uniformly favorable, particularly in the construction industry.

In the early 1980s, Japanese and South Korean companies won the lion's share of major contracts in Malaysia, prompting charges from local firms that they were underbidding, making too little use of Malaysian equipment, supplies, skilled labor and technicians, and withholding know-how.

A focus of this criticism was Asia's longest

bridge connecting Penang Island with the Malaysian mainland. The 6-mile (10-kilometer) bridge was completed in 1985 at a cost of \$314 million by Hyundai Engineering and Construction Co.

In Singapore, where South Korean construction firms have won tenders worth \$1.87 billion, there were similar rumblings of complaint from contractors. The government is now offering preference to Singaporean contractors in bidding for public sector contracts, either as independents or in joint ventures with foreign firms. It is also encouraging local firms to form partnerships with experienced foreign construction companies to find offshore work.

Sangyong Construction recently completed work in Singapore on the Raffles City complex, which includes the world's tallest hotel, the 72-story Westin Stamford. Hyundai has two large contracts — the second terminal building at Changi international airport and a section of the rapid transit project.

But overbuilding in Singapore and economic recession in Malaysia and other parts of Southeast Asia have sharply curtailed big construction projects. As a result, many South Korean firms have scaled down their presence or pulled out altogether.

Largely because of the fall in the price of oil, gas and many other raw materials imported by South Korea, the value of two-way trade with ASEAN has fallen in the last year. In the decade to 1983, trade increased more than fivefold to \$3.24 billion. It reached a peak of \$4.2 billion in 1985, before dropping back to \$3.4 billion last year.

South Korea has consistently bought much more than it has sold to ASEAN, reflecting its interest in securing supplies of raw and semi-



Radios are assembled at a Lucky Goldstar factory in Seoul.

processed materials needed for its expanding industrial sector.

Main imports include crude oil, liquefied natural gas, petroleum products, lumber, rubber, tin, copper and agricultural commodities. Major South Korean exports to ASEAN are steel products, electrical and electronic goods, ships, textiles, machinery, synthetic resins and other manufactured items.

In its survey, Political and Economic Risk

Consultancy Ltd. said that South Korean companies were still looking mainly toward joint ventures for mineral resources.

It said the goal of the government in Seoul was to get South Korean enterprises, working alone or in joint ventures abroad, to produce a substantial portion of the country's requirements of coal, oil, uranium, copper, iron ore, sulphur and other essential feedstock that is nonexistent or in short supply at home.

South Korean companies are involved in petroleum production in Indonesia, sulphur mining in the Philippines and have just started drilling for oil in waters off the east Malaysian state of Sarawak.

MICHAEL RICHARDSON is the Southeast Asia correspondent for the International Herald Tribune and is based in Singapore.

Keeping the Edge on Taiwanese

By Patrick L. Smith

SEOUL — "It is better to be the head of a chicken than the toe of a bull," an ancient Chinese saying has it. For industrialists in many East Asian societies, this earthy aphorism is a natural guiding principle. In terms of economic structure, it marks the chief distinction between South Korea and Taiwan, which is South Korea's closest economic competitor and the nation with which it is most frequently compared.

Centered on its chaebol, or family-held business clans, South Korea's economy is heavily dependent on the productivity and financial health of a few dozen conglomerates that tower over the economy.

Together, the leading chaebol account for nearly a quarter of gross national product; the largest among them, the Hyundai group, speaks for 2 percent to 3 percent of total output by itself.

By contrast, Taiwan is a nation of about 60,000 small and medium-sized producers, most of which have only a handful of employees. Manufacturers so classified make up almost all of the island's industrial base and account for three-quarters of its overseas shipments.

In this respect, at least, each nation admires the other. The chaebol have enabled South Korea to make first entries into heavy and high-technology industries such as steel, autos and semiconductors and to borrow heavily in hard currencies to do so.

The chaebol project South Korean brand names into global markets more effectively than those of any nation in Asia other than Japan. Research and development spending, a key to future growth for both South Korea and Taiwan, is 1.8 percent of national output in

'It is better to be the head of a chicken than the toe of a bull.'

South Korea, compared with less than 1 percent for Taiwan.

At the same time, Taiwan has developed a degree of flexibility among its manufacturers that South Korea has foregone.

Producing chiefly for foreign brand names, companies can jump from Hula Hoops to plastic sandals and on to computer casings according to market demand. A significant portion of Taiwan's output is in components to such companies as IBM, Xerox and AT&T.

Taiwan suffers none of the overconcentra-

tion that has long plagued the South Korean economy, but because every executive wants to be the head of a chicken, there is spreading concern that the island's entry into high-tech, high-investment industries may be retarded.


"They come here to learn how to encourage mergers and concentrate resources," a government economist in Seoul said recently. "We go there to learn how to cultivate our small and medium-sized industries."

Both Taiwan and South Korea have exported their way from poverty to relative affluence in the past quarter of a century, and many of the industries on which this process has been based — textiles, footwear, toys, furniture and simple electronics — are as prominent in one economy as they are in the other.

There are other similarities. Reflecting an overemphasis on production during the crucial stages of industrialization, both suffer from underdeveloped banking and financial sectors and relatively unsophisticated management techniques among corporations. Export dependence has kept wages in check and retarded public and private consumption at home.

Now Taipei and Seoul face the same challenges. Chief among them is how best to climb the technology ladder, leaving behind the industries that have brought them to the edge of full development without significant economic dislocation.

Equally, international competition and the threat of protectionism are forcing both to open their markets more quickly than they had intended and to begin stimulating their domestic sectors.



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

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APR 12 1987

Financial Market

Higher Liquidity May Help to Free Banks

By Paul Ensor

SEOUL — South Korea's banks remain the soft underbelly of an otherwise ebullient economy. They are heavily subject to government intervention and reliant on government support due to their heavy exposure to "problem" companies, particularly in the construction and shipping sectors.

Although government officials like to expound their faith in liberalization of the banks, which would theoretically improve their ability to make profitable judgments on their own, this goal seems far off.

But two economic achievements last year suggest the system could be closer than expected to a more independent position.

The most striking of these was the country's substantial current account surplus of \$4.65 billion, which is expected to grow this year. Also, 1986 was the first year when savings exceeded investment; the savings ratio shifted up a point to 32 percent, while the investment ratio fell a point to 31 percent.

With these two developments, some of the best arguments for controlling the banks have disappeared. South Korea has historically been a capital-scarce economy, dependent on foreign loans, which have made it the world's fourth largest debtor. External debts reached \$46.8 billion, or 57 percent of gross national product, in 1985.

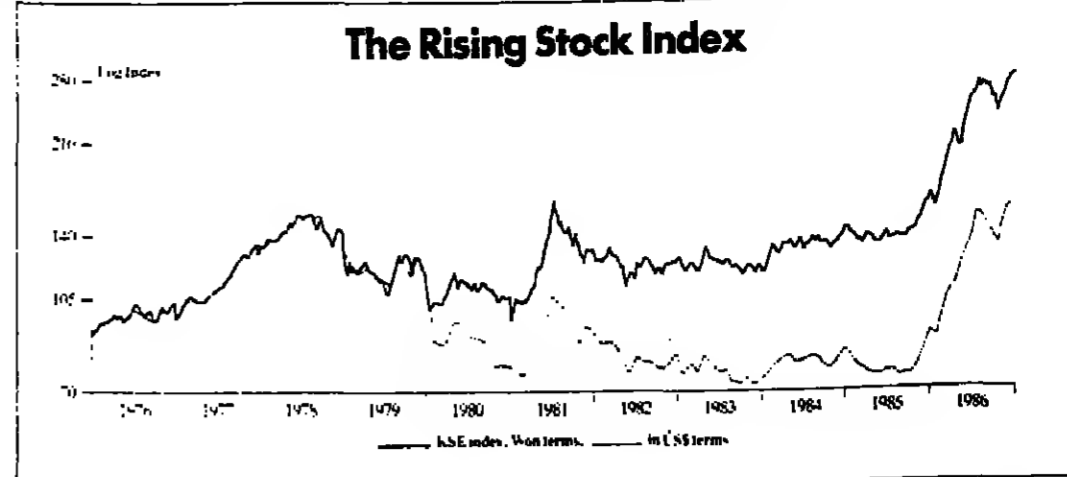
Because of the funds scarcity, the government has taken a strong hand in the management of finance. Now, higher savings rates mean that policies such as interest-rate fixing to draw money into the banks (and out of illegal curb markets) could start to be relaxed.

All this, of course, is not as simple as it sounds. As Deputy Prime Minister Kim Mahn Je explained, "We have a financial system geared to life in deficit; you cannot suddenly go into reverse gear overnight."

Indeed, efforts to cope with the increased liquidity probably has reinforced rather than reduced the government's presence in the daily operation of South Korean and foreign bank branches.

It will take more than a few years of current account surpluses to weaken the close ties between the banks and government. The country's four main commercial banks were state owned until the President Chun Doo Hwan came to power in 1980. In the name of liberalization, they have since been sold off, but their presidents continue to be selected by the Ministry of Finance, frequently from its own ranks.

Loan decisions have traditionally been made for bureaucratic or political rather than for business reasons, leaving the banks with large portfolios of bad loans. Estimates of the size of these loans, mainly extended to shipping and



Source: Hoare Goslin



Shoppers make their way through a crowded street in central Seoul.

Steps Toward Democracy Slip

Continued from page 11

But progress under Mr. Chun on the North Korean question has not been significant, leading many South Koreans to conclude that he has relied on the security threat, as his predecessors did, to justify harsh domestic policies.

Given Mr. Chun's shortcomings on such issues, few South Koreans view his presidency as the break with the past that Mr. Chun had hoped his term would represent. Although he has demonstrated an awareness of the nation's fundamental social and political problems, he is seen to have done little to solve them.

Instead, the president is likely to retire nine months from now as a distant, unapproachable leader who is unable to take advice, some associates indicate, even from trusted party leaders.

A newspaper poll conducted earlier this year indicated that 86 percent of those questioned disapproved of his government.

Apart from Mr. Chun's diplomatic advances and the health of the economy, what has lent his regime a limited degree of legitimacy, ironically, is his willingness to abide by his own constitution in stepping down at the end of his term in February.

More than anything else, however, the cancellation of constitutional talks in April is seen to mark a failure on Mr. Chun's part to deliver the peaceful transfer of power to which he has long been

committed. At a national convention scheduled for June 10, the governing party is expected to designate Roh Tae Woo, the party chairman, as its candidate to succeed Mr. Chun.

Although Mr. Roh's nomination has been anticipated for some time, his probable election under the current constitution is expected to reinforce the view that he represents no significant change from Mr. Chun.

Mr. Roh has been a close associate of Mr. Chun since their graduation in 1955 from the Korea Military Academy. Like the president, he is closely identified with the suppression of a popular uprising seven years ago in the southern city of Kwangju, during which at least 200 students and workers died.

"Roh's ascendancy may or may not be peaceful," a local commentator said recently. "But either way, not many South Koreans will accept it as a transfer of power."

The profound sense of disappointment with which South Koreans view recent developments is focused on both sides of the political equation. Increasingly, both Mr. Chun and his opponents are recognized as similar products of a political system that has stubbornly resisted modernization.

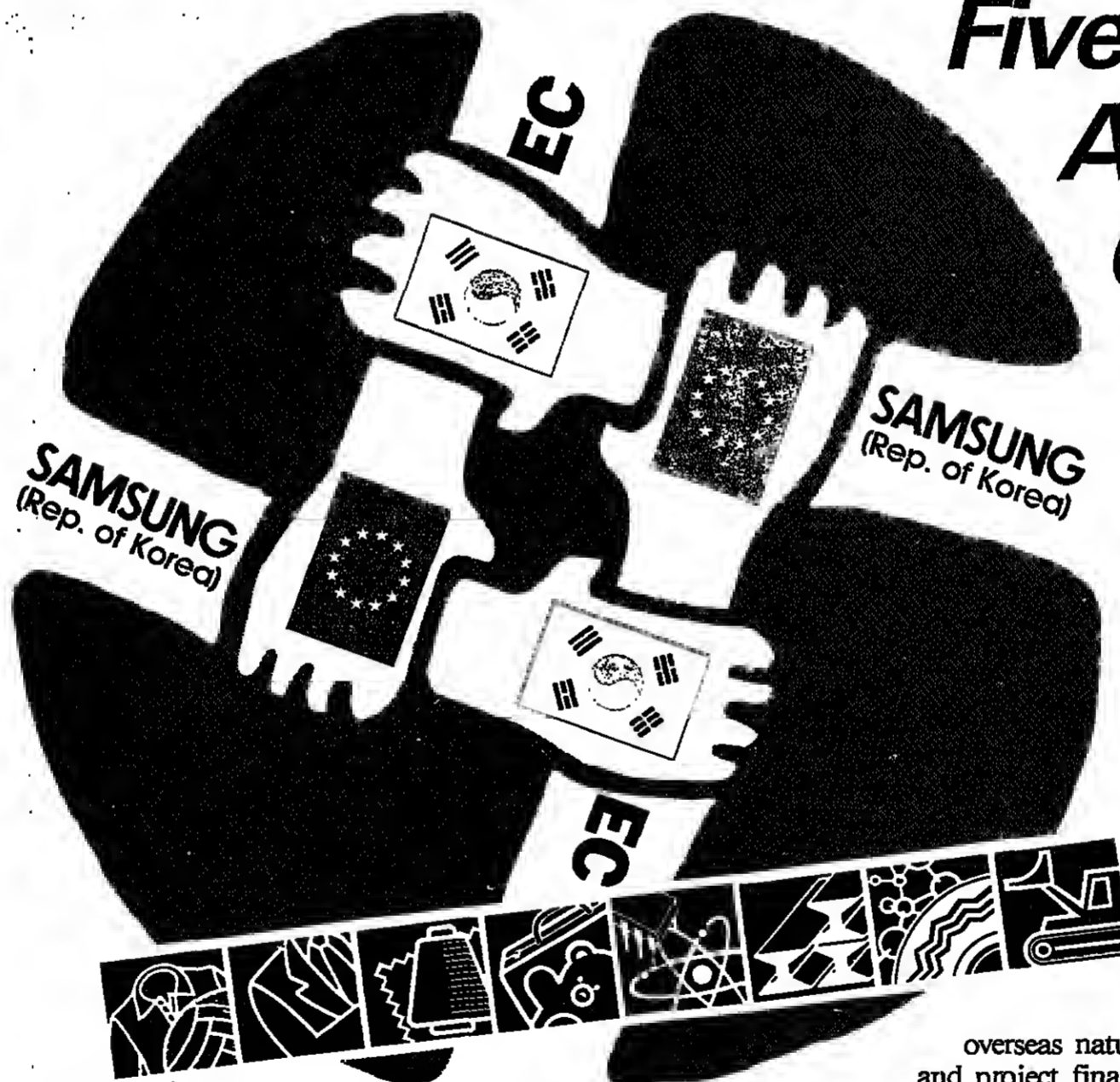
Centuries of overcentralization in Korea, according to academic analysts, have deprived the nation of the intermediate political institutions through which gener-

ations of mature politicians are developed.

Mr. Chun has long promised to begin a long-term effort to devolve political power in South Korea downward by reconstituting provincial legislatures and allowing localities to elect many officials who are currently appointed by Seoul. Only now, however, has the ruling party mounted a belated drive to develop a local autonomy program.

In a year of frustration and pessimism, this has emerged as an essential step if South Korea is to develop a political system commensurate with its economic advances. Encouraging the process, regardless of the potential political cost, is likely to be one key to the legitimacy of the leader elected later this year.

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A basketball game in progress at Seoul's Olympic Stadium. North Korea wants to host a third of the 1988 Games.

U.S. Concerned by Pace of Change, Urges More Open Political System

By Ralph N. Clough

WASHINGTON — President Chun Doo Hwan's announcement of April 13 ending negotiations with the opposition on a revised constitution caused deep concern in Washington.

The U.S. government, in a speech last February by the assistant secretary of state for East Asian and Pacific affairs, Gaston J. Sigur Jr., had firmly backed the constitutional reform effort, which began early last year.

"Old patterns no longer suffice," Mr. Sigur said. He urged the contending parties to make compromises in order to reach a consensus on a more open and legitimate political system, a change "essential for the future of the Republic of Korea and for the future of our bilateral relations."

Mr. Sigur questioned the wisdom of the South Korean military continuing to play an important role in politics. Secretary of State George P. Shultz confirmed during his visit to Seoul in March that Mr. Sigur's speech reflected U.S. policy.

The U.S. government's support for greater democratization in South Korea rests on a widespread recognition that social change resulting from rapid industrialization and urbanization has created a broad middle class that wants a government more responsive to the popular will.

It is recognized also, however, that the desire for political change is tempered by conservative tendencies, respect for authority and hierarchy, and a desire for stability in the face of the security threat from North Korea.

U.S. officials are concerned about rising anti-Americanism in South Korea, particularly among students. Many students accuse the United States of supporting an unpopular military leader who came to power through a coup.

Washington had hoped that the ruling Democratic Justice Party and the principal opposition group, the New Korea Democratic Party, could reach an agreement on constitutional revision, but as Mr. Sigur noted, the negotiations produced "more rhetoric than results."

The Democratic Justice Party made early concessions to get the negotiations started, but thereafter neither side showed significant flexibility.

Thus, when the opposition split, President Chun chose the occasion to break off the talks, deciding to hold the presidential election this year under the existing constitution.

The opposition has strongly criticized that constitution because it allows Mr. Chun to choose a successor by manipulating the election of the 5,000-plus members of the electoral college. However, the constitution does force Mr. Chun to step down in February 1988, rather than cling to power indefinitely as Park Chung Hee had done.

Mr. Chun has repeatedly promised to step down then. The U.S. government expects him to do so, bringing about the first peaceful



George P. Shultz

clashes with students and a growing number of political prisoners would encourage stability on the part of North Korea and reduce the prospects for a fruitful North-South dialogue.

The United States recently has given signals to North Korea that it hopes may help ease tension on the Korean peninsula. For example, Washington has played down military exercises in South Korea.

The State Department authorized its diplomats to hold substantive conversations with their North Korean counterparts in neutral foreign locations, evoking a favorable reaction from the Foreign Ministry in Pyongyang.

The United States has also indicated that further steps are possible, such as an easing of the U.S. trade embargo on North Korea, if the North Koreans entered into a constructive dialogue with South Korea and took part in the 1988 Olympic Games in Seoul. These moves were discussed by Mr. Shultz with Chinese leaders on his recent visit to Beijing.

The United States and China share a concern for stability and a lowering of tension in Korea. Both see the limited steps taken by the United States toward North Korea and the increasing trade and contacts between China and South Korea as contributing toward these objectives.

U.S. officials are concerned about rising anti-Americanism in South Korea, particularly among students.

Although Mr. Chun's decision to defer the constitutional revision process to 1989 appears irreversible, the South Korean government could take action to moderate the adverse impact of the decision.

It could ease controls on the press and permit journalists forced out of their jobs early in the Chun administration to be re-employed. It could release political prisoners. It could also modify the election laws governing campaigning for the electoral college in order to give the opposition a fairer opportunity and make it less likely to boycott the election.

Most important, it could make clear that whoever is elected in 1988 would not serve the full seven-year term provided under the present constitution, but would be prepared to step down at an early date so that new elections could be held under a revised constitution. Such moves would help to counteract the view that progress toward a more democratic system in South Korea has been halted or reversed.

Political turbulence in South Korea would place the U.S. government in a difficult position. Military readiness against the threat from North Korea and measures to reduce the U.S. trade deficit will require close cooperation with the government of South Korea.

Yet working closely with a government that resorted to excessive repression of the opposition would be difficult. U.S. officials recognize that they have only limited influence and that they will inevitably be criticized by both sides. They expect a troubled year.

RALPH N. CLOUGH is a lecturer and coordinator for The Chusa Forum program at the Johns Hopkins School for Advanced International Studies in Washington.

North, South Grope Toward Talks

By Patrick L. Smith

SEOUL — After more than a year of silence between North and South Korea, the possibility of renewed talks suddenly re-emerged this spring, apparently reflecting a diplomatic opening that Washington has offered the Pyongyang government.

A series of talks covering trade, family reunions and parliamentary exchanges, begun three years ago, was broken off in early 1986, when Pyongyang protested joint military exercises held annually by South Korean and U.S. troops.

The only point of contact since then has been through the International Olympic Committee, which is trying to negotiate an agreement under which North Korea would participate in the 1988 Olympic Games in Seoul.

The current flurry of proposals and counter-proposals was signaled in December, when Kim Il Sung, the North Korean leader, suggested in a speech that the two sides hold a "high-level political and military meeting."

Subsequently, Pyongyang augmented this in proposing the simultaneous resumption of discussions on trade and exchanges. It also agreed to discuss a dam project north of the Demilitarized Zone that Seoul views as a threat to its security.

Analysts view these proposals, advanced in early March, as a partial effort to meet the conditions that South Korea has set for the resumption of negotiations. Pyongyang's approach, some believe, may be in response to a U.S. decision in February to loosen longstanding restrictions on contacts between U.S. and North Korean diplomats.

In the most recent communiqué, sent to North Korea on April 10, Seoul agreed to a prime ministers' summit meeting but insisted that the lower-level talks, including those covering the hydroelectric project, be held first.

"To have progress in our talks, there must be a modicum of trust," said Chang Sun Sup, director general for U.S. affairs at the Foreign Ministry. "And to have that, the suspended talks must resume before we can discuss military and political matters."

The North has not yet responded to Seoul's most recent proposal. But analysts are divided as to how anxious either side is to restart negotiations.

Washington has been trying to bring the two sides back to the bargaining table in order to reduce tensions on the Korean peninsula before the Olympic Games and the transfer of power from President Chun Doo Hwan to his successor.

So far, North Korea has not accepted a

proposal under which it would host two full Olympic events and parts of two others. Its current position, based on the relative populations of the two sides, is that it should host a third of the Games—six more full events than have been offered.

A further meeting of the Olympic committee involving both sides is to take place in the next few months.

Recent shifts in U.S. policy toward South Korea also suggest that Washington has become increasingly concerned about the fragility of the nation's political evolution.

Beyond the easing of diplomatic regulations with the North, the United States has reportedly indicated that it would permit limited bilateral trade, lift visa restrictions on North Koreans and withdraw its objections to North Korean membership in some multilateral organizations.

But all of these possible steps are predicated on a resumption of North-South talks, according to reports from Washington.

Seoul has accepted the U.S. initiative, the extent of which has not been officially confirmed, with evident concern. It fears that a rapprochement between the United States and North Korea, which is a Soviet ally, could reduce its role in an eventual settlement of the peninsula's political problems.



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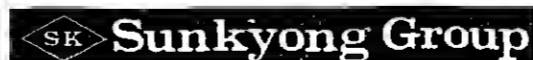
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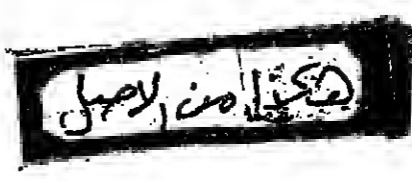
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INTERNATIONAL STOCK MARKETS High Liquidity From Profits Is Driving Stockholm Boom

By JURIS KAZA International Herald Tribune STOCKHOLM — Traditional Swedish summer doldrums are about the only factor that can slow the booming bull market in Stockholm...

'In Europe, it's rare to find any market that can survive on domestic liquidity alone.'

FOR FOREIGN and domestic investors, the strategy in Stockholm, once again, is to assume that nearly everything will appreciate because of the market's technical condition.

Currency Rates

Table with columns for Currency, Bid, Ask, etc. for various international markets.

Costing in London and Zurich, follows in other European centers. New York rates at 4 P.M.

Other Dollar Values

Table showing exchange rates for various currencies like Australian, Canadian, etc.

Interest Rates

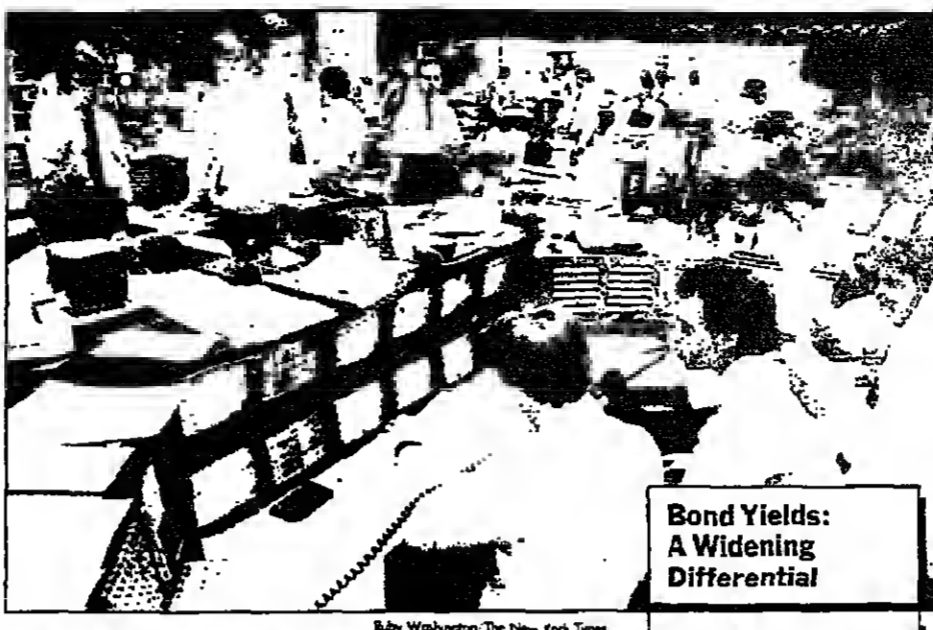
Table of interest rates for Eurocurrency deposits, key money rates, Asian dollar deposits, U.S. money market funds, and gold.

Peugeot Net Soars To Record

Sixfold Rise Helps Restore Dividend

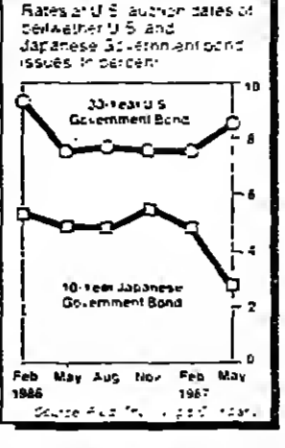
By Axel Kruse International Herald Tribune PARIS — The French automaker Peugeot SA said Monday that consolidated net profit rose last year to a record 3.59 billion francs...

A New Entreaty for Reagan Bonds



Traders at Salomon Brothers in New York during bidding for the U.S. Treasury's 30-year bonds. By Patrick L. Smith International Herald Tribune TOKYO — As the results of the U.S. Treasury's quarterly credit auction began to emerge last week...

Bond Yields: A Widening Differential



OECD's Report Calls for 'Broad' Policy Reforms

By Carl Gewirtz International Herald Tribune PARIS — The Organization for Economic Cooperation and Development, on the eve of its annual meeting of ministers, has called for "broad, bold and sustained" government action on a range of domestic policies...

IBM Makes Major Advance in Superconductivity

By James Gleick New York Times Service NEW YORK — IBM scientists have found a way to send enormous electric currents through newly discovered superconducting materials, overcoming the most important remaining technical barrier to applications ranging from high-speed computers to high-power magnets.

U.K. Committee On Takeovers To Be Strengthened

LONDON — The body that monitors British takeovers will be made more effective and brought into the framework of the Financial Services Act, Trade and Industry Secretary Paul Channon said Monday.

EC Tariffs on Japan Termed Unlikely

By Barry James International Herald Tribune PARIS — The European Community, which has begun monitoring Japanese imports to its 12 members because of the continuing trade dispute between Japan and the United States, is not likely to impose sanctions even if it finds that electronics goods are being diverted to Europe...

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Monday's NYSE Closing

Tables include the nationwide prices on the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. PE 52-Week High Low Open Close

(Continued)

Large table of NYSE stock market data including company names, prices, and volume.

Company Results

Table showing revenue and profit data for various companies like Peugeot, Volvo, and others.

Table of 12-month high and low prices for various stocks.

Table of 52-week high and low prices for various stocks.

Table of 52-week high and low prices for various stocks.

Table of 52-week high and low prices for various stocks.

Table of 52-week high and low prices for various stocks.

Lyonnaise des Eaux is Seeking To Raise Capital, Issue Bonds

PARIS - Lyonnaise des Eaux et de l'Eclairage, the water and cable group, said Monday that it would seek shareholder authorization for a capital increase and an issue of stock option bonds.

The capital increase, to be carried out over five years, would allow the company to raise its capital from 921.7 million francs (\$154 million) to a maximum of 2 billion francs.

The bond issue, to be made over two years in France and abroad, would be for a maximum of 1 billion francs.

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NYSE Highs-Lows

Table showing high and low prices for NYSE stocks.

U.S. Futures

Table of U.S. futures market data including grains, livestock, and metals.

Currency Options

Table of currency options market data.

Paris Commodities

Table of Paris commodities market data.

London Commodities

Table of London commodities market data.

Asian Commodities

Table of Asian commodities market data.

Food

Table of food market data.

Metals

Table of metals market data.

Stock Indexes

Table of stock index data.

Commodity Indexes

Table of commodity index data.

Dividends

Table of dividend data.

Spot Commodities

Table of spot commodity data.

EUROPEAN CURRENCY (MAY)

Table of European currency market data.

BRITISH POUND (MAY)

Table of British pound market data.

CANADIAN DOLLAR (MAY)

Table of Canadian dollar market data.

GERMAN MARK (MAY)

Table of German mark market data.

INDONESIAN RUPIAH (MAY)

Table of Indonesian rupiah market data.

RUSSIAN RUBLE (MAY)

Table of Russian ruble market data.

YEN (MAY)

Table of yen market data.

Other Currencies (MAY)

Table of other currency market data.

To Our Readers

S & P 100 index option prices were not available in this edition because of transmission delays.

U.K. Fined Airlines With Illegal Travelers

LONDON - More than 600 fines have been levied over the past two months on airlines that have flown illegal immigrants to Britain.

DM Futures Options

W. Germany Mark-75 DM marks, cents per mark

BUSINESS ROUNDUP

Chrysler Parts Becomes Subsidiary

Compiled by Our Staff From Dispatches
TROY, Michigan — Chrysler Corp. announced Monday that it would turn its parts-making division into a wholly owned subsidiary named Acustar Inc. in an effort to broaden sales of components to other automakers.

Analysis said the decision sets the stage for a later spinoff of the unit. The parts division, which became a separate Chrysler unit in January 1985, had \$2.5 billion in revenue last year, with sales outside Chrysler amounting to \$500 million. It posted a \$250 million pretax profit.

Officials at Chrysler, the third-largest U.S. automaker, said that Acustar's status as a subsidiary would make it easier for the unit to arrange joint ventures with outside suppliers who are wary of sharing their technology with Chrysler.

Company officials who asked not to be identified said that as a subsidiary, Acustar also would be better equipped to sell to Japanese-owned assembly plants.

Chrysler may eventually offer stock in Acustar, but does not plan to do so in the near future, said Lee Runk, a Chrysler executive who was named president of the new subsidiary.

The move comes at a time when the top three U.S. automakers are focusing attention on their parts operations with the aim of cutting costs and expanding sales outside their parent organizations.

CGE Shares Sold to Public Will Trade From June 3

PARIS — Shares in Compagnie Generale d'Electricite, whose sale to the public began Monday, will be introduced June 3 onto the Paris Bourse's monthly settlement market. CGE's chairman, Pierre Suard, said Monday.

A price of 290 francs (about \$48.45) a share was set last Thursday for the public offering of 35.6 million shares. Another 4 million shares have been set aside for employees at special discounts. The public offering ends on May 23.

Mr. Suard said that the shares had been valued at 346 francs by the brokerage of Fauchier Magnan and at 335 francs by the firm of Leguay Massonand.

After the public offering, CGE will issue 21.8 million new shares to raise 6.3 billion francs, and 21 million of CGE's nonvoting shares outstanding will be converted into the new shares.

Details of the foreign offering, of 7.92 million shares, were also given Monday by David Dautresme, a partner at Lazard Freres & Co. Lazard and Societe Generale will be the lead managers.

He said that regional co-leads — Deutsche Bank AG, Societe de Banque Suisse (Luxembourg) SA, and SG Warburg & Co. — would handle 15 percent each in Europe. Ten percent would be placed in the United States, with the remaining 45 percent bound for the rest of the world.

Europe Joins Semiconductor Battle

As Chip Sales Rise, So Do the Competitive Joint Ventures

By John Tagliabue
New York Times Service

The decision by the Thomson Group of France and STET, the Italian state telecommunications enterprise, to form Western Europe's second-largest manufacturer of semiconductors demonstrates how the Europeans are trying to increase their share of a highly competitive market.

The joint venture between the civilian semiconductor business of Thomson Semiconductors and the STET division, SGS Microelectronica, is expected to have sales of more than \$800 million and a 3.2 percent share of a world market dominated by U.S. and Japanese companies.

The venture, announced in April, is the latest between European concerns and European or U.S. partners as the Europeans seek to become more competitive. Less than two years ago, Thomson paid \$70 million for the assets of Mostek Corp., a Texas microchip maker, to strengthen its position in North America.

While the U.S. semiconductor market slumped last year, chip sales in Europe rose more than 15 percent, to \$5.4 billion. But Dataquest, an industry research concern, is forecasting 1987 sales of about \$6 billion, a growth rate of 11 percent.

For one, the European chip industry is feeling the pinch of the cheap dollar, which makes American-made semiconductors more competitive in price. Moreover, part of last year's growth was the result of sharp price-cutting that translated into low profits for some and losses for others.

A few companies, while still profitable, scrambled to form joint ventures to develop products that could compete with those being made by U.S. and Japanese chip makers.

For example, Siemens AG of West Germany recently unveiled samples of a four-million-bit memory chip it is developing with Philips NV, the Dutch electronics company. Thomson and SGS already are cooperating to produce and sell memory and logic chips. A Philips unit, Philips-Signetics, is Europe's biggest semiconductor maker, with sales last year of \$1.36 billion.

The joint ventures may not be enough to fend off the more immediate problem that Europeans see arising from the semiconductor dispute between the United States and Japan. Those countries signed a trade pact last July, but in March the United States accused Japan of violating the agreement and, in retaliation, last month imposed 100 percent tariffs on some electronics imports.

Some European executives said the Japanese government had asked its industry not to add European aggravation to the nation's troubles with the United States. But then the Europeans began to fear that, in addition to being a conduit for chips destined for the United States, they might also be the recipients of products shut out of the U.S. market by the tariffs.

Still, the influx of chips from Japan has not been all bad. "In the last years, European industry accomplished an awful lot of modernization and cost-cutting in the face of the Japanese challenge," said Hans De Haan, who directs market research at the German unit

of Texas Instruments Inc., the largest U.S. chip maker in Europe. Others said that the industry has been helped by its close links to manufacturing. Some of the largest European semiconductor companies, such as Philips and Siemens, are units of large, diversified electrical and electronics companies that use many types of chips in a broad range of products, from computers to videocassette recorders.

Analysts also say a large market is emerging among small machinery manufacturers in countries such as West Germany and Italy, which are increasingly using semi-custom chips to run machines and link them to company computer systems.

Three years ago, seven European electronics concerns formed European Silicon Structures, or ESS, whose directors describe it as a "one-stop shop" for equipment and services to enable companies to design and produce semi-custom chips, gate arrays and logic chips.

Helmut Schmitt, ESS's vice president for central Europe, said that by 1991 he expects the company's market to be worth \$100 million to \$150 million.

Travel to Buy Caremark for \$528 Million

NEWPORT BEACH, California — Baxter Travel Laboratories Inc., the medical supply and services company, announced Monday it had signed an agreement to acquire Caremark Inc. in a transaction valued at about \$528 million.

Baxter is to exchange \$21.33 worth of its common stock for each share of common stock in Caremark, which also provides medical services.

It also said it would enter into proxy agreements with certain members of Caremark's management, who would authorize Baxter to vote in favor of the merger. Baxter Travel's share price fell \$1.375 after the announcement to close at \$23.50 on the New York Stock Exchange.

The company said it has been granted an option to purchase about 4.3 million Caremark shares, or 18.5 percent of its common stock, at \$21.33 a share if another bid is made for Caremark.

Burlington Considers Restructuring to Elude Takeover Bid

GREENSBORO, North Carolina — Burlington Industries Inc. said Monday that it is considering a major restructuring in an effort to elude a \$1.6 billion takeover bid, including the possible acquisition of one of the bidders.

As the first step, Burlington said it would begin as soon as possible a cash tender offer for up to 8 million shares of its common stock at \$80 a share. It also said it would consider increasing the number of shares to be purchased.

That price is substantially higher than the \$67 a share offered by Dominion Textile Inc. of

Canada and Asher B. Edelman, a New York financier. Burlington's stock price fell 12.5 cents a share Monday on the New York Stock Exchange to close at \$64.25.

The board said it was giving particular consideration to a possible acquisition of Dominion Textile.

It said it had rejected the takeover bid and was recommending that shareholders do the same.

buyout of Burlington or part of the company. Burlington's stock price fell 12.5 cents a share Monday on the New York Stock Exchange to close at \$64.25.

"We see our mission as being agents of constructive change," said Frank Greenberg, the company's chairman and chief executive officer. "We have recently made significant progress toward solving most of our major problems, and have the opportunity to do even better."

Burlington is the biggest U.S. producer of textiles and also manufactures carpets, upholstery and other fiber products.

De Benedetti, Spanish Bank Consider Investment Firm

MADRID — Carlo de Benedetti, an Italian financier who is also chairman of Olivetti SpA, is negotiating with a Spanish bank to create a joint investment company to buy stakes in fast-growing Spanish companies, banking sources said Monday.

A spokesman for Banco Zaragozano said talks between its chairman, José Ramon Alvarez Renedués, a former governor of the Bank of Spain, and Mr. de Benedetti had been going on for more than a month.

"Nothing has been finalized yet and it remains to be seen who ultimately will control the company," the spokesman said. But he said he expected an agreement by June or July at the latest.

Mr. de Benedetti, who is head of his own independent finance group, Cofide, has been a leading player in the revival of Italian private industry.

He has also recently moved aggressively to broaden his interests outside Italy.

Through Carus, a Paris-based investment offshoot of the de Benedetti group, he has bought significant holdings in French companies, including Valeo, a maker of motor parts, and the fashion house Yves Saint Laurent SA.

Mr. Alvarez Renedués sits on the board of Hispano Olivetti, the Spanish subsidiary of the Italian office automation company.

The spokesman denied a report in the Spanish daily El Pais that Spain's department store group El Corte Inglés SA was also involved in the negotiations with Mr. de Benedetti.

He said no other interests were involved in the talks.

But he did not rule out that a Spanish construction company, Construcciones y Contratos SA, which has a 30 percent holding in Zaragozano and is the bank's largest single shareholder, might be asked to buy a stake in the planned investment firm.

Nedbank Says Net Rose 80% in Half

JOHANNESBURG — Nedbank Group Ltd., the South African banking group, reported Monday that its net profit rose 80 percent for the first half ended March 31, to 58 million rand (\$29.1 million), from 32.2 million a year earlier.

Nedbank said the first-half figure included 43.7 million rand set aside for bad and doubtful debts. Pretax profit was 77.3 million rand, up 71 percent from 45.2 million a year earlier.

The bank's chairman, Owen Horwood, said that earnings rose in all of the group's units. He predicted continued improvement in the second half.

The group's per-share earnings rose to 37.2 cents from 35.7 cents in the year-earlier period.

Nedbank Ltd. contributed 32.4 million rand to net profit, up from 21.8 million in the first half of fiscal 1985-86. UAL Merchant Bank Ltd. provided 11.1 million rand against 5.3 million; Syfrets Trust 6.1 million against 5.9 million; Nefic 3.8 million against 3.7 million, and Finansbank 5 million. Nedfin Bank had a profit of 1 million rand after a loss of 2 million in the earlier period.

COMPANY NOTES

Bank of America, a unit of Bank America Corp., has agreed in principle to sell its East Asia bank card operation in Hong Kong to Citibank for around 117 million Hong Kong dollars (about \$15 million).

Chevron Belgium Refining Co. said it has concluded the sale of a refinery, terminal and pipeline to Feluy Tanking SA, of Feluy, Belgium. Terms were not disclosed.

Cominco Ltd. has declared force majeure on outstanding contracts for shipping its Trail, British Columbia lead and zinc smelter and its Kimberley mine after workers struck over wages.

Henry Hay McIntosh, an Auckland, New Zealand, broker, is bidding for 10 million shares, or 10 percent, of media group Wilson & Horton Ltd. at 10.50 New Zealand dollars (about \$6) a share for an unnamed client. Wilson & Horton said it may refuse to register transfers until it can determine who is behind recent buying of its shares.

IEP Securities Ltd., a subsidiary of Brierley Investments Ltd. of Britain, said it holds 6.75 million ordinary shares in Horizon Travel PLC, or around 13.5 percent of the issued share capital.

Inland Steel Industries of Chicago registered a proposed public offering of 3 million shares of common stock. Proceeds will be used to redeem a major portion of its \$150 million principal amount on outstanding bonds.

Kolossal Denshin Dewva Co. said it has discussed with AT&T, Overseas Telecommunications Commission of Australia and the New Zealand Post Office the possibility of a fiber-optic cable linking Japan with the United States, New Zealand and Australia.

Kanagaki Gumi (Hong Kong) Ltd., a unit of the Japanese construction giant, said it will become the first Japanese company to be listed on the Hong Kong Stock Exchange. It announced a public issue of 67 million new shares of one Hong Kong dollar each at a subscription price of 2.50 dollars.

Lomas & Nettleton Financial Corp. has signed a definitive agreement to acquire Equitable Life Leasing Corp. from Equitable Life Assurance Society of the United States for \$1 million in cash, common and participating preferred stock currently valued at \$288.1 million.

M/A-Com Inc. said it had agreed in principle to sell its M/A-Com telecommunications division to General Motors Corp.'s subsidiary Hughes Aircraft Co. for an undisclosed sum.

Scott Paper Co. of the United States is considering a "large investment" in a tropical eucalyptus plantation in Indonesia, Indonesia's Investment Coordinating Board said. It did not elaborate.



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Monday's MEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

The Associated Press

12 Month High	Low	Stock	Div.	Yield	PE	12 Month High	Low	Stock	Div.	Yield	PE
100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5
100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5
100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5

12 Month High	Low	Stock	Div.	Yield	PE	12 Month High	Low	Stock	Div.	Yield	PE
100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5
100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5
100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5

12 Month High	Low	Stock	Div.	Yield	PE	12 Month High	Low	Stock	Div.	Yield	PE
100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5
100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5
100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5

12 Month High	Low	Stock	Div.	Yield	PE	12 Month High	Low	Stock	Div.	Yield	PE
100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5
100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5
100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5

12 Month High	Low	Stock	Div.	Yield	PE	12 Month High	Low	Stock	Div.	Yield	PE
100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5
100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5
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100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5
100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5
100	90	IBM	4.00	4.00	12.5	100	90	IBM	4.00	4.00	12.5

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 11th May 1987

Fund Name	Price	Fund Name	Price
ALP MGMT. MANAGERIAL	278.84	INTERNATIONAL INCOME FUND	1.070
ALP FINANCIAL CORP.	5.9012	INTL. BOND FUND	1.070
ALP INVESTMENT	1.1180	INTL. EQUITY FUND	1.070
BANK JULIUS BAER & CO. LTD.	1.1180	INTL. GROWTH FUND	1.070
BANK OF AMERICA	1.1180	INTL. INVESTMENT FUND	1.070
BANK OF AMERICA	1.1180	INTL. INVESTMENT FUND	1.070
BANK OF AMERICA	1.1180	INTL. INVESTMENT FUND	1.070

Floating-Rate Notes

Issuer/Note	Rate	Issuer/Note	Rate
Alberca Finance	8.48	Alberca Finance	8.48
Alberca Finance	8.48	Alberca Finance	8.48
Alberca Finance	8.48	Alberca Finance	8.48
Alberca Finance	8.48	Alberca Finance	8.48

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DM - Deutsche Mark; SF - Swiss Franc; C - Canadian Dollar; FF - French Franc; L - Dutch Guilder; LF - Luxembourg Franc; ECU - European Currency Unit; Sfr - Swiss Franc; Y - Yen; A - Australian Dollar; D - Other Dollars; B - Botswana; N - Not Available; N.C. - Not Communicated; N.S. - Suspended; S.S. - Stock Split; Ex - Excess; E.R. - Excess; D.P. - Differ Price Unit; S.P. - Special Price; Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 613595F for further information.

AGENCY

01

Dollar Mostly Lower in New York

NEW YORK — The dollar closed mostly lower in New York on Monday after earlier gains were trimmed when some commodities futures prices jumped sharply.

London Dollar Rates table with columns for currency, bid, and ask prices.

The dollar hovered at 140 yen all day and was just below 1.80 marks, a New York dealer said.

It was also higher against the pound, which closed at \$1.6590, against \$1.6743.

U.K. Tories Say Time Not Right To Join EMS

LONDON — Britain's ruling Conservative Party said Monday that the time was not yet right for the pound to become a full member of the European Monetary System.

AUCTION: Sale Bolsters Japanese Belief That Reagan Bonds Are Needed

(Continued from first finance page) For almost half of the Treasury's long-bond sales, according to most market estimates, compared with purchases of 30 to 35 percent in the quarterly financing held in February.

But those firms are estimated to have presold half or more of the long-term bonds at auction, finishing with less than 20 percent of the issue.

On a net basis, market sources in Tokyo said, Japan's withdrawal from the U.S. debt market, increasingly feared since the last auction, is already apparent.

Although the Carter bonds helped stabilize the dollar, their identification with President Jimmy Carter is the chief reason that the Reagan administration refuses to consider something similar.

Egypt Launches Limited Free Market for Foreign Exchange

CAIRO — Egypt launched a limited free market for foreign exchange on Monday, letting banks fix market rates for hard currencies.

which wants Egypt to adopt a system of unified foreign exchange rates.

The government especially wants to encourage Egyptians working abroad to repatriate their money through official channels.

He said the measures were a start toward a unified single rate "over maybe a year, maybe more."

Monday's OTC Prices NASDAQ prices as of 4 p.m. New York time.

Table A: OTC prices for various stocks including AIG, AIGP, AIGS, etc.

Table B: OTC prices for various stocks including BAC, BACB, BACD, etc.

Table C: OTC prices for various stocks including CAC, CACB, CACD, etc.

Table D: OTC prices for various stocks including DAI, DAIB, DAIC, etc.

Table E: OTC prices for various stocks including EAI, EAIB, EAIC, etc.

Table F: OTC prices for various stocks including FCI, FCIB, FCIC, etc.

Table G: OTC prices for various stocks including GHI, GHIB, GHIC, etc.

Table H: OTC prices for various stocks including HAI, HAIB, HAIC, etc.

Table I: OTC prices for various stocks including IAI, IAIB, IAIC, etc.

Table J: OTC prices for various stocks including JAI, JAIB, JAIC, etc.

Table K: OTC prices for various stocks including KAI, KAIB, KAIC, etc.

Table L: OTC prices for various stocks including LAI, LAIB, LAIC, etc.

Table M: OTC prices for various stocks including MAI, MAIB, MAIC, etc.

Table N: OTC prices for various stocks including NAI, NAIB, NAIC, etc.

Table O: OTC prices for various stocks including OAI, OAIB, OAIC, etc.

Table P: OTC prices for various stocks including PAI, PAIB, PAIC, etc.

Table Q: OTC prices for various stocks including QAI, QAIB, QAIC, etc.

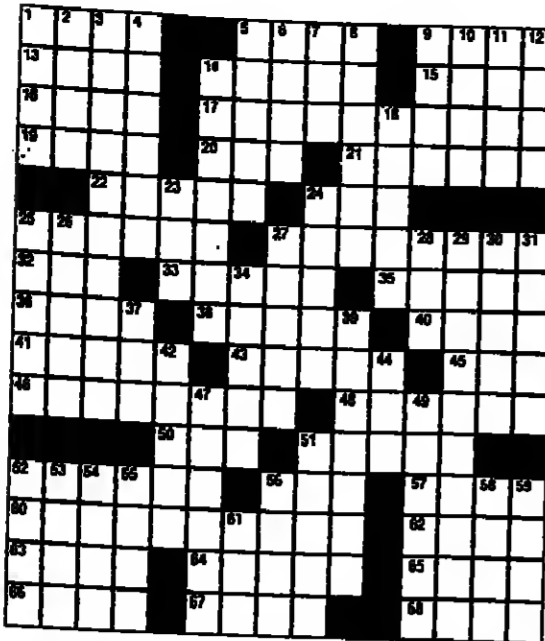
Table R: OTC prices for various stocks including RAI, RAIB, RAIC, etc.

Table S: OTC prices for various stocks including SAI, SAIB, SAIC, etc.

Monday's AMEX Closing Tables include the nationwide prices up to the closing on Wall Street.

Table T: AMEX closing prices for various stocks including TAI, TAIB, TAIC, etc.

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Crossword puzzle clues: ACROSS 1 Cut, in Cheshire... 5 One of the rails... 9 Water diverter... 13 'The... Love...'

PEANUTS



BLONDE



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



DENNIS THE MENACE



'GOD ALWAYS KNOWS WHAT WE'RE DOING. LUCKY FOR US HE CAN KEEP A SECRET.'

JUMBLE

Jumble word game instructions and clues: Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

WEATHER

Weather forecast table with columns for Europe, Asia, North America, Middle East, and Oceania, showing high and low temperatures.

World Stock Markets

World Stock Markets table listing closing prices in local currencies for various international markets like Amsterdam, London, Hong Kong, Frankfurt, etc.

BOOKS

MODERN DICTATORS: Third World Coup Makers, Strongmen, and Populist Tyrants. By Barry Rubin. 385 pages. \$17.95. McGraw-Hill Book Co., 1221 Avenue of the Americas, New York, N.Y. 10020.

CHESS

By Robert Byrne. Chess analysis and commentary on a game, including a chessboard diagram and move notation.

Handwritten signature or note at the bottom of the page.

SPORTS

Warriors Beat Lakers As Floyd Scores 51; Celtics, Pistons Win

OAKLAND, California — The Los Angeles Lakers began celebrating what seemed to be another sweep Sunday before Eric (Sleepy) Floyd reminded them there was still one period left.

Floyd caught the Lakers napping and scored 29 of his 51 points in the final quarter to lead the Golden State Warriors to a 129-121 victory.

NBA PLAYOFFS Los Angeles, which swept Denver in an opening-round series, now leads Golden State, 3-1, in their Western Conference Semifinal series.

Elsewhere Sunday, Boston and Detroit took 3-1 leads in the Eastern Conference semifinals with one-point victories.

Floyd, a 6-foot-3 (1.90-meter) guard, dazzled the crowd by hitting 12 of 13 shots from the field in the fourth period to bring the Warriors back from a 102-88 deficit in the quarter, he outscored the Los Angeles offense by 10 points.

Taking advantage of lackadaisical defensive play, Floyd began penetrating early in the quarter. "I thought we celebrated a little early. We should know better than that," said Laker guard Earvin Johnson.

"Floyd was going it on transition and he was doing it on the set offense. Our weak-side help was just awful in the fourth quarter."

Said the Lakers' Michael Cooper, a member of the NBA all-defensive team: "He had every

phase of the game going — three-pointers, drives. He strung our defense out pretty well."

Floyd's 51 points were a career high. He also broke the single-quarter record (25) set Friday by Isiah Thomas of Detroit and his 39 points in the second half eclipsed the previous mark of 33, set by Elgin Baylor of the Lakers in 1967.

"My teammates kept giving me the ball, and said 'Take it, so I cook it,'" Floyd said. "I was very conscious of the score, and the crowd got so pumped. I've never been hotter at any level. The basket seemed 10 feet wide."

Celtics 138, Bucks 137: In Milwaukee, Darren Daye scored four points in the second overtime and Larry Bird finished with 42 points to give Boston a commanding lead over the Bucks in their Eastern semifinal.

Daye's two free throws gave the Celtics their 138-137 lead, and the Celtics survived two Milwaukee scoring threats in the final minute.

Ricky Pierce's lay-up with 49 seconds remaining. The Bucks' John Lucas drove the lane, threw a pass that hit Terry Cummings in the shoulder and then missed a short shot as the buzzer sounded.

"They've got to beat us twice now in Boston Garden," said Bird. "To do that, they're going to have to pick their game up a notch." The Celtics, who can establish an NBA record with 15 straight playoff victories at home if they win on

Wednesday, have won 33 consecutive games at Boston Garden.

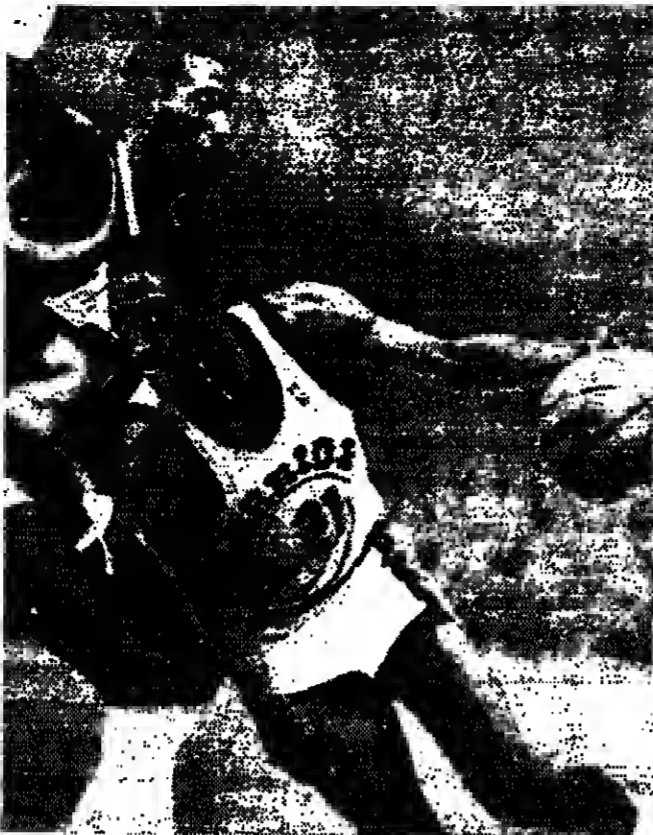
Pistons 89, Hawks 88: In Pontiac, Michigan, Isiah Thomas scooped in a lay-up with one second remaining to give Detroit its 3-1 Eastern Conference semifinal lead.

Trailing by 88-87, the Pistons had the ball and a time-out to talk things over with five seconds left. "I said if I get the ball, I was making the shot," said Thomas, who had a game-high 31 points. "There's no way I'm missing the shot." He took

inbounds pass, drove around the right side of the lane and went up for a finger-roll that fell in.

John Battle, who scored 11 of his 19 points in the fourth quarter, gave the Hawks an 88-85 lead on a lay-up with 1:30 remaining. Two free throws by Adrian Dantley with 1:14 left made it 88-87.

After Thomas's shot and a time-out, Atlanta's Scott Hastings lobbed a pass to Dominique Wilkins, who tipped the basket. (UPI, AP)



Eric Floyd, driving past Laker defender Michael Cooper for two of the 29 points he scored during Sunday's fourth period.

Oriole Home Runs Down White Sox Again

Compiled by Our Staff From Dispatches CHICAGO — The Baltimore Orioles have gained ground on first-place Milwaukee in the American League East lately, and Manager Cal Ripken Sr. is delighted.

"Anytime you pick up 4 1/2 games in six days, that's excellent," Ripken said after the Orioles used home runs by Terry Kennedy, Jim Dwyer

and Fred Lynn to beat the Chicago White Sox 6-4, here Sunday. Carried by 12 homers, Baltimore swept the three-game series to move to within 6 1/2 games of the Brewers.

"I know our people are capable of hitting homers, but you don't look for 12 in one series," said Ripken. The Orioles had six in Saturday night's 15-6 rout and three in Friday night's 7-6 victory. Baltimore has won five of its last six games while on the road. Chicago has lost four in a row.

"We're starting to spread it out," said Lynn, who hit a three-run homer Sunday. "The guys who are supposed to hit are getting hits. Suffering from a hitting slump and a shoulder injury, Lynn didn't start four straight games and missed two last week, but returned to go 6-for-11 against the White Sox. "A few days off — it's the best way to stop a slump," he said.

Dwyer tied the score, 3-2, with a fifth-inning home run after Larry Sheets singled. Kennedy homered in the seventh; an inning later, Lee Lacy doubled and Cal Ripken Jr. walked before Lynn drove a pitch into the upper right-field stands.

Rangers 9, Blue Jays 8: In Arlington, Texas, Rubeen Sierra drove in three runs and Scott Fletcher and Geno Petralli two apiece to rally

Texas. Bobby Witt survived a shaky start for his first victory of the season. Witt (1-1) gave up four runs in the first two innings, but allowed just one over the next five before giving way to Mitch Williams at the start of the eighth.

Pirates 4, Giants 1: In the National League, in San Francisco, Johnny Ray's single broke a 1-1 tie in the 11th, and Jim Morrison followed with a two-run homer as Pittsburgh snapped a four-game losing streak. Barry Bonds opened

the inning with a triple off Scott Garretts. After Andy Van Slyke struck out, Ray blooped a single to center. One out later Morrison, who also had an RBI double, hit his fifth home run of the season.

Dodgers 7, Cardinals 6: In Los Angeles, Ken Landreaux's one-out double scored Mike Ramsey from first base in the eighth, lifting the Dodgers over St. Louis. On the previous pitch, Landreaux hit a grounder under the first-base line that Jack Clark fielded for an ap-

parent out, but umpire Frank J. ... ruled that the ball had been gloved in foul territory. Landreaux lined Pat Peters' next offering into the right-field corner. Reliever Matt Young, obtained in trade from Seattle, earned his first National League victory.

Padres 14, Cubs 2: In San Diego, Jay Baller committed non-scoring balks on successive pitches in a five-run fifth that enabled the Padres to end a five-game losing streak. (AP, UPI)



Pitchers Shane Rawley of the Phillies and Ted Power of the Reds were distracted by a swarm of bees during Sunday's first inning in Cincinnati. The game was interrupted for 17 minutes while bee handlers — on call since earlier invasions at Riverfront Stadium (April 17, 1976 and May 26, 1980) — used nets to collect some of the insects and dispersed the rest.

IOC Approves Tennis Pros for '88 Games

ISTANBUL — The International Olympic Committee on Monday gave final approval for professional tennis players to compete for medals in next summer's Games.

Adopted by acclamation at the IOC's 92nd session, the ruling is the final eligibility guideline to be put in place for the 1988 Winter and Summer Games. To date, it is by far the most radical move away from the traditional Olympic concept of all-amateur Games.

Sixty-four men and 32 women will compete in the Seoul tournament, which will award

medals in men's and women's singles and doubles. Nations with high Davis Cup or Federation Cup rankings will be seeded; the rest of the field will be determined in regional qualifying.

The plan was unanimously approved by the IOC's executive board last winter after Soviet sports officials finally gave their consent.

Basically, it asks professionals to become amateurs for a month. They may accept no payments for playing in the Games or for the results of their competition. For the two weeks of the Games, and up to two weeks beforehand, they also must suspend endorsement contracts, which

for some net as much or more as tournament winnings. They must also make themselves available for Davis and Federation Cup matches.

The plan is an experiment only for the Seoul Games, after which the IOC will decide whether or how tennis is to continue as an Olympic sport.

Tennis has not been a medal sport in the Games since 1924. In 1984 at Los Angeles, it was an exhibition sport with professionals under 21 allowed to compete. Stefan Edberg of Sweden won the men's singles and Steffi Graf of West Germany the women's.

SCOREBOARD

Baseball

Sunday's Major League Line Scores

Table with columns for American League and National League games, listing teams, scores, and key players.

Basketball

National Basketball Association Playoffs

Table showing NBA playoff results for Eastern and Western Conference Semifinals.

Hockey

NHL Playoff Semifinals

Table showing NHL playoff semifinals results for Philadelphia and Montreal series.

NHL Playoff Schedule

Table showing NHL playoff schedule for Philadelphia and Montreal series.

Golf

Table showing golf tournament results for the Byron Nelson Classic.

Flyers Defeat Canadiens, 3-1

Compiled by Our Staff From Dispatches MONTREAL — For the second consecutive playoff series, the defending National Hockey League champions have lost two games at the Forum.

Philadelphia downed the Canadiens, 6-3, Sunday night to take a 3-1 lead in their in the Wales Conference final series; the Flyers also

NHL PLAYOFFS Won Game 3 here after splitting the first two games in Philadelphia.

In their Adams Division final, Montreal lost the opening two games to Quebec before coming back to win in seven games. Only four teams in NHL history — the 1942 Toronto Maple Leafs, the 1975 New York Islanders and the Islanders and Detroit Red Wings this year — have come back from 3-1 deficits to win a best-of-seven playoff series.

Relle Eklund's three goals paced the Flyers. With Philadelphia leading 3-2, Eklund and Scott Mellanby tied the game with tallies in the first 88 seconds of the third period.

Eklund completed his hat trick at 13:01 of the final period. Taking Brian Propp's pass at center ice, he deflected Brian Hayward out of the net and slid the puck behind the goalie for his sixth goal of the playoffs.

"He's coming in just when we need him," said Coach Mike Keenan of Eklund. "He's a very intelligent player who can play good defense and use his speed and hockey sense to generate offense. He's showing why he was selected as the top player in Sweden a couple of years ago."



WOOPEE — Fred Couples, who had not won a PGA tournament in three years, got all-star congratulations from wife Deborah after winning a sudden-death playoff in the Byron Nelson Classic Sunday in Irving, Texas. On the third extra hole, the 415-yard, par-4 18th, Couples sank a 5-foot putt; Mark Calcavecchia, who fired a 64 to tie Couples at 266 through regulation play, took a bogey by bunkering his second shot and leaving a 20-foot par putt inches short.

5 Soccer Thugs Jailed in U.K.

LONDON — A three-month police investigation led Monday to jail sentences for five soccer hooligans.

Terence Last, a legal clerk, and Stephen Hickmott, a businessman, were given 10-year sentences for organizing a six-year campaign of violence at matches. Following an 18-week trial, three other men were imprisoned for seven, six and five years, respectively, for their parts in the campaign.

The Inner London Crown Court was told how undercover police infiltrated a gang of thugs whom they suspected of being behind large-scale violence at matches. Judge George Schindler said the five jailed were "some of the nastiest, most ruthless and most vicious men for whom violence appeared to be a way of life."

Police said that "Operation Own Goal" focused on a group of notoriously hostile Chelsea fans, whom young policemen in plain clothes got to know in bars and traveled with to games.

Schindler said that the Last-Hickmott group had organized violence before, during and after Chelsea matches, home and away, and used soccer as an excuse to indulge in violence. He said it was because of men like the five convicted "that the reputation of football fans in this country is so shameful, disgraceful and frightening that very many decent people stay away altogether. The stench from the hideous viciousness which sometimes accompanies the game in this country is known and feared worldwide."

Major League Leaders

Table showing major league leaders in batting average, home runs, and other statistics.

Major League Standings

Table showing major league standings for American League and National League.

Large advertisement for International Classified, featuring various services like escorts, guides, and real estate, along with a transition watch advertisement and a David Morris watch advertisement.

ART BUCHWALD

Learning by Experience

WASHINGTON — The only thing we can do now is learn from Gary Hart's experience. These are the rules that any presidential candidate should obey. Do not go on a picnic with some named Donna.



Buchwald

Don't autograph your book to an individual who is liable to show it on an airplane to her fellow passengers. There is no such thing as a free weekend. It can cost a presidential candidate a lot, particularly if he gets lonely and goes over to his best friend's house to have a quiet dinner for four.

Just because nothing happened between you and an unmarried woman does not mean that nothing happened. It did happen if it gets reported in the press. Therefore no one you should be allowed to visit you on the weekends when your wife is not there are the plumber and the Orkin man.

It is absolutely essential that the candidate never say to the press, "If you think I'm a womanizer, why don't you follow me and see for yourself?" The reason for this is too obvious to explain.

During a tough presidential campaign do not play cards with anybody named Bill — especially if he knows a lot of attractive people in Miami.

A Brechtian on the Theater of Opera

By Andrew Clark

GENEVA — Polemic and dialectic are words that crop up regularly in Francois Rochaix's conversation and in his work — but they could not be further from the man himself. Rochaix, the stage director for the forthcoming new production of Mozart's "La Clemenza di Tito" at the Grand Théâtre here, is gentle, relaxed and unflappable as the theater people go, a man who impresses singers with his intelligent motivation during rehearsals, and who brings to opera an educated respect for music as well as a Brechtian sense of humor.



Francois Rochaix.

Brecht festival a year later, in 1964, prompted Helene Weigel, Brecht's widow, to visit Geneva with her Brecht Ensemble — its first trip to the West after the Berlin Wall was built. From then on, Rochaix had announced intentions to attend rehearsals of the company in East Berlin and study under Benno Besson at the Deutsches Theater.

Bern, again in partnership with Brydon. Their highly successful work in Britten's "Owen Wingrave" at Lucerne earlier this season has whetted Rochaix's appetite for the rest of the Brecht canon.

"His music is as precise as text. It's a syntax. Coming from the straight theater, I found it presented few problems of timing, and coming from an education and city that is Protestant, Calvinist and Puritan, I feel I have something to share with Britten's world. It's interesting listening to his recordings, how he seems afraid of the violence and sensuousness in his own music. He makes it all very civilized. There's no dialectic, no astonishment."

PEOPLE

Burglars in Paris Take Saint Laurent Originals. Thieves stole originals of some of Yves Saint Laurent's winter haute couture collection from a Paris showroom over the weekend, the police say. They said the clothes, from leather and silk designs Saint Laurent planned to present in forthcoming showings, were valued at about one million francs (about \$165,000).

Salvador Dalí spent Monday apparently disregarding his 83d birthday. "Telegrams have been arriving all morning but Dalí has paid little attention to them," said the artist's private secretary, Maria Teresa Bruges. "He said nothing when I wished him happy birthday. He spent the morning leafing through the newspapers as he usually does."

Buffalo Bill Cody's grandson unveiled a plaque to honor the man he called America's first goodwill ambassador to Europe, 100 years after Cody's Wild West show gave Britain its first look at cowboys and Indians. William Garlow Cody, a lawyer and lecturer, now runs a dude ranch near Cody, Wyoming, founded by his grandfather, unveiled the bronze plaque with a bust of Buffalo Bill in East's Court exhibition hall, on the site of the showground where the Wild West show opened on May 9, 1887.

Bob Hope wouldn't let his birthday pass without a television special and this year, which is being filmed at Pope John Center in Fayetteville, North Carolina, also will celebrate the 40th birthday of the U.S. Air Force. The show will be aired May 25, four days before Hope turns 84, and will feature Brooke Shields, Barbara Mandrell, Lucille Ball, Phyllis Diller, Don Johnson, Eamonn Andrews, Lewis, Phylicia Rashad, Glee Campbell, the band Alabama and Kirk Cameron of "Growing Pains."

Random House Buys U.K. Group

NEW YORK — Random House is to buy one of the leading British book-publishing groups — Chatto, Virago, Bodley Head & Jonathan Cape Ltd., the first purchase of a major European trade-book publisher by an American company.

The question of your presidential qualifications may come up, if it does, insist you are a better presidential candidate now than you were yesterday because you weathered a crisis. Point out that it takes a strong man to repulse the kind of attack you have been under. Declare that anyone can walk in the front door of his house and walk with great vision to go in the front door and come out the back.

"I had dreamed of doing something in the musical theater — I actually did Hindemith's "Hin und Zurück" in the early 1970s — but the problem was that I was always acting or directing. My first proper experience with opera was a happy one, because with Hugues Gall's approval we did "The Turn of the Screw" in my own theater at Carouge, the set was already on stage when the singers arrived, and I had a wonderful cast and I was able to learn a lot from the conductor, Roderick Brydon. I never accept to stage an opera now unless I have a full four weeks of rehearsal."

which will have six performances from May 14 to 26 — is Rochaix's only remaining project in Geneva for the foreseeable future.

ANNOUNCEMENTS
REAL ESTATE FOR SALE
PARIS & SUBURBS
BE ST LOUIS
HAMILTON AND SONS
NEAR CHAMPS ELYSEES
NEAR QUAI D'ORSAY
MAGNIFICENT 360 sq.m.
FRENCH PROVINCES

REAL ESTATE FOR SALE
PARIS & SUBURBS
BE ST LOUIS
HAMILTON AND SONS
NEAR CHAMPS ELYSEES
NEAR QUAI D'ORSAY
MAGNIFICENT 360 sq.m.
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NEAR QUAI D'ORSAY
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FRENCH PROVINCES

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SECRETARIAL POSITIONS AVAILABLE
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International Business Message Center
BUSINESS OPPORTUNITIES
OFFICE SERVICES
COMMERCIAL PREMISES
FINANCIAL SERVICES
INVESTORS / BROKERS
DIAMONDS
AUTO SHIPPING
PLUS INTERNATIONAL
INTERNATIONAL POSITIONS AVAILABLE

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